



SOMPO SIGORTA



**WE
UNDERSTAND
YOU.**

**ANNUAL
REPORT
2022**

WE UNDERSTAND YOU.



2022

At Sompo Sigorta, we stand with you for a safe future with our management philosophy and principles that seek ways of providing a better service. Please take a minute to consult our corporate website for information about our company.

www.somposigorta.com.tr

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SOMPO SIGORTA OVERVIEW

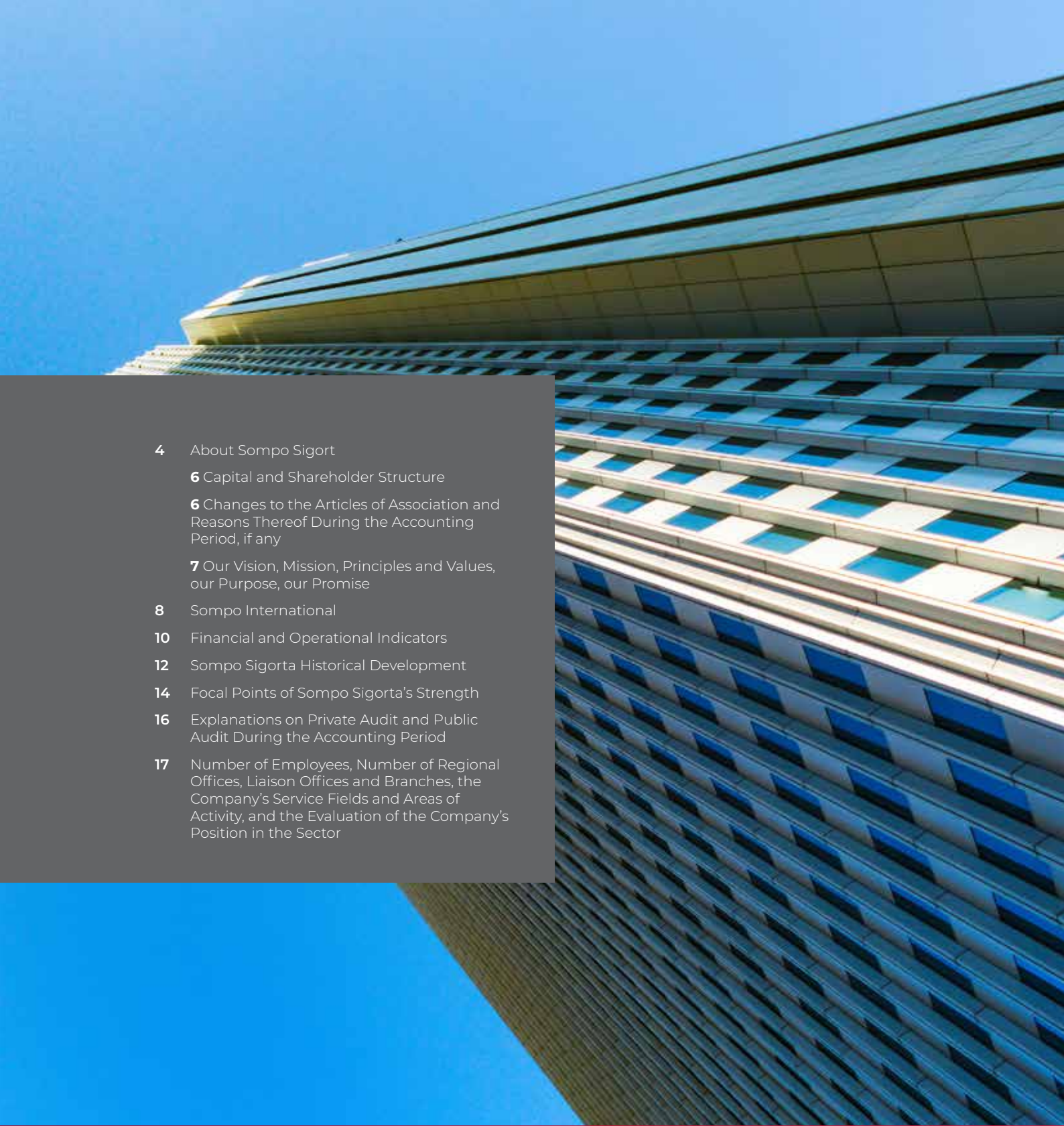
01 LOCAL EXPERIENCE



Roots that go back to
the late 1800s.



Providing high quality
insurance services all
over the world.

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the world's second largest insurance market in Japan.



Operating in 228 cities in 30 countries as one of the leading companies in Japan

ABOUT SOMPO SIGORTA

SOMPO SIGORTA MAINTAINED ITS RISE AND ACHIEVED WORLDWIDE SUCCESS AFTER BEING SELECTED AS THE GROUP'S "CENTER OF EXCELLENCE" IN VEHICLE INSURANCE AMONG SOMPO GROUP COMPANIES.

Sompo Sigorta was established in 2001 under the name of Fiba Sigorta and entered operation in 2002 after changing its title to Finans Sigorta. The Company's name was changed to Fiba Sigorta A.Ş. in 2006 after the Fiba Group sold its shares in QNB Finansbank to the NBG Group.

With its stable growth and success, the company attracted the attention of Japan's largest insurance group, Sompo Insurance, and in 2010, the shares of Fiba Sigorta were transferred to Sompo Insurance Inc.

The company continued to build its success after changing its title to Sompo Japan Sigorta; and achieved worldwide success after being selected as the Group's "Center of Excellence" in vehicle insurance among the Sampo Group companies.

On 31 October 2016, Sompo Japan Nipponkoa Insurance Inc. became the sole shareholder. All of the shares in the Company, whose title was changed to Sompo Sigorta Anonim Şirketi on 15 May 2019, were transferred to Sompo International Holdings Ltd. on 7 November 2019.

Sompo Sigorta moves forward confidently by drawing on the strength and support of its main shareholder and continues its activities to provide the best experience to its customers.

SOMPO SIGORTA CARRIES OUT ITS ACTIVITIES WITH THE PHILOSOPHY OF CONTRIBUTING TO THE HEALTH, SAFETY AND SATISFACTION OF ITS STAKEHOLDERS.



INTERNATIONAL KNOWLEDGE, LOCAL EXPERIENCE

Sompo Sigorta serves in all non-life insurance branches with its knowledge in international insurance and local market experience. Sompo Sigorta offers strong competitive advantages thanks to workforce of experienced professionals, an innovative vision, its customer focus and stable pricing policy, the effectiveness of its claim payment processes and its competence in the digital transformation.

By offering a wide range of insurance products and services with the highest quality which can respond to changing needs and consumer behaviors, it carries out its activities with a philosophy of contributing to the safety, health and satisfaction of its customers and society as a whole.

ABOUT SOMPO SIGORTA

CAPITAL AND SHAREHOLDER STRUCTURE

Shareholder' Name	Share Amount (TL)	Number of Shares	Share Ratio (%)
Sompo International Holdings Ltd.	190,000,000	19,000,000,000	100.00
Paid-in Capital	190,000,000	19,000,000,000	100.00

The company's paid-in capital is TL 190 million

Shareholders do not hold any privileged shares.

No shares are held by the Chairman or Members of the board of directors, the CEO or the deputy general managers.

Our company does not hold any repurchased own shares.

CHANGES TO THE ARTICLES OF ASSOCIATION AND REASONS THEREOF DURING THE ACCOUNTING PERIOD, IF ANY

There have been no changes to the Articles of Association.

OUR BRAND PURPOSE

**TO PROVIDE THE BEST SERVICE TO OUR CUSTOMERS
AND BUSINESS PARTNERS ANYWHERE, ANYTIME.**

OUR VISION, MISSION, PRINCIPLES AND VALUES, OUR PURPOSE, OUR PROMISE

Our Vision

- Best Service
 - » To provide the best service to our customers anytime and anywhere

Our Mission

- Raising the Standards
- Being a Pioneer
 - » Raising the standards in the Turkish insurance sector and being the pioneer of innovations in the sector.

Our Management Philosophy

- While making decisions that will shape our business, we always carefully consider the interests of our customers.
- By providing the highest quality insurance products and services, we strive to contribute to the safety, health and happiness of our customers and society as a whole.

Our Principles

To provide the highest quality service to our customers:

- » We approach our customers sincerely. As individuals, we know that our every action shapes the company's reputation.
- » We take initiative, set high goals for ourselves, and learn from our actions.
- » We are always open and act fast.
- » We act in accordance with high moral values.

Our Brand Purpose

To provide the best service to our customers and business partners anytime and anywhere.

Our Brand Promise

We understand you.

“ Sampo Holding commands a large global footprint with approximately 75,000 employees in 29 countries. ”



SOMPO INTERNATIONAL IN BRIEF

Sompo Japan Insurance Inc. and Nipponkoa Insurance Company Limited, with roots dating back to late 1800s, merged under the name of Sompo Japan Nipponkoa Insurance Inc. in September 2014. The Group name was changed to Sompo Holdings in October 2016.

Sompo International Holdings Ltd. (Sompo International) was incorporated in March 2017 with the acquisition of Sompo International Holdings Ltd, a global insurance and reinsurance provider, by Sompo Holdings Inc. (Sompo).

Sompo Holdings, which established Real Estate and Liability Insurance, Life Insurance, Care and Health Services, International Insurance activities as well as Asset Management and Home Renovations as a core area of operation, demonstrates sustainable and profitable growth as a business group acting with a global and competitive perspective.

Sompo Holdings, one of the leading insurance groups in Japan, the world's second largest insurance market, is one of the largest real estate and casualty insurance groups in the Japanese domestic market.

Sompo Holdings, which has demonstrated stable growth worldwide by incorporating different insurance companies with its capital investments in many countries as well as Turkey, commands a wide global footprint with approximately 80,000 employees in 30 countries.

Sompo's financial strength, broad licensing capabilities, product diversity, extensive distribution channel and market-leading technological solutions place Sompo as a preferred partner for customers around the world.

STRENGTHS

- Sampo International's subsidiaries command balance sheets with high quality assets and strong liquidity.
- The group maintains excellent financial strength, being awarded an A+ (superior) rating by A.M. and an A+ (Strong) rating from Standard&Poor's.
- The Group operates with a strong presence and specialist teams in private markets. The Group, which effectively directs actuaries and claim experts with in-depth knowledge and experience working with its insurers in the category and business lines they specialize in, provides management services to its customers with special solutions for risk management.
- As an accessible and reliable partner, the group operates within a culture based on ethics and honesty, focusing on accountability, cooperation and agility, which are its core values.

GENERAL INFORMATION*

Establishment	March 2017
Total Assets	USD 34.7 billion
Net Written Premiums	USD 8.7 billion
Gross Written Premiums	USD 14.0 billion
Headquarters	Waterloo House, 100 Pitts Bay Rd. Pembroke Bermuda HM 08
Shareholder	Sampo Holdings Inc. (100%)

CREDIT RATINGS*

A.M. Best	A+ (SUPERIOR)
Standard&Poor's	A+ (STRONG)
Moody's	A1

*Sampo International key data is for the 12-month period ended 31 December 2021.

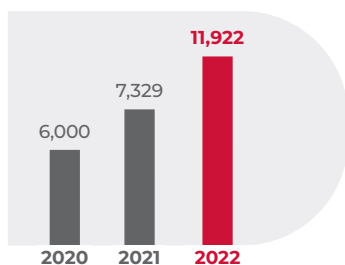
FINANCIAL AND OPERATIONAL INDICATORS

“ Sampo Sigorta recorded a profit after tax of TL 460.2 million in 2022. ”

Total Assets

(TL million)

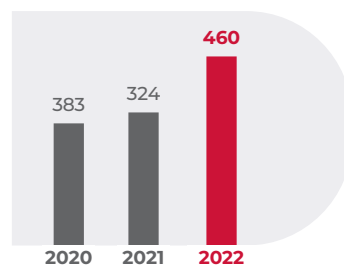
+63%



Net Profit

(TL million)

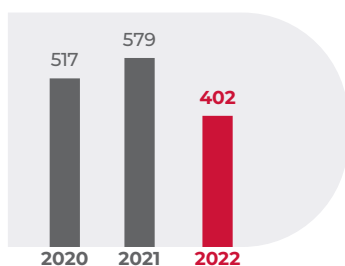
+42%



Profit Before Tax

(TL million)

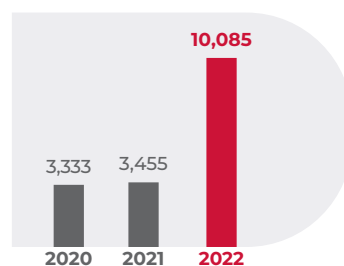
-31%



Gross Written Premiums

(TL million)

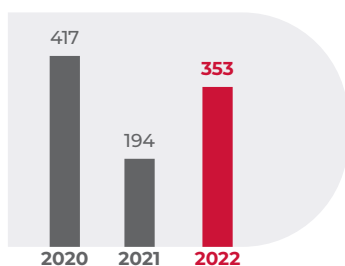
+192%



Technical Balance

(TL million)

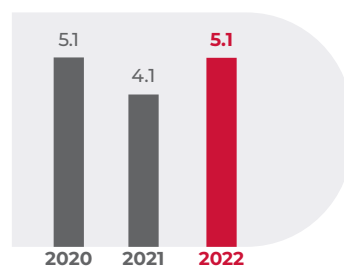
+82%



Market Share

(%)

+1 Point



SUMMARY FINANCIAL INFORMATION ON THE 2022 OPERATION RESULTS

(TL Thousand)	2020	2021	2022
Gross Written Premiums	3,332,713	3,455,290	10,085,237
Technical Balance	417,017	193,943	353,456
Profit Before Tax	516,955	578,963	401,714
Net Profit	382,592	323,549	460,157
Shareholders' Equity	1,968,442	2,064,293	2,422,864
Total Assets	5,999,685	7,329,146	11,921,619

GROSS WRITTEN PREMIUMS BY BRANCH

(TL Thousand)	2020	2021	2022
Turkish Catastrophe Insurance Pool (TCIP)	49,049	47,811	66,263
General Support	-	50	233
Surety Bond	15,313	17,762	40,214
Financial Losses	20,952	24,896	62,231
General Liability	59,398	83,685	191,262
General Damages	252,524	372,142	686,743
Illness/Health	157,294	128,358	489,725
Air Vehicles	343	-	-
Legal Protection	5,114	11,960	20,374
Motor Vehicles	730,305	884,684	3,539,146
Motor Vehicles Liability	1,598,442	1,236,241	3,564,329
Accident	11,683	16,722	31,669
Marine	52,554	77,874	158,564
Sea Vehicles	4,563	9,421	56,443
Sea Vehicles Liability	7,213	8,985	1,049
Fire and Natural Disasters	367,966	534,701	1,176,991
Total	3,332,713	3,455,290	10,085,237

SOMPO SİGORTA

HISTORICAL DEVELOPMENT

2001

30 March 2001 Fiba Sigorta A.Ş. established.

2002

- 1 May 2002 Operating license obtained.
- 6 May 2002 First Policy issued.
- 3 June 2002 First agency established.
- 5 June 2002 The company title changed to Finans Sigorta A.Ş.
- 11 June 2002 First claim payment made.

2007

The company title was changed to Fiba Sigorta A.Ş. on 31 October 2007

2010

- 2 November 2010 Majority of shares transferred to SJNK Insurance Inc.*
- 15 December 2010 SJNK Insurance Inc.* transferred 9.99% of its shares to the EBRD**.

*Sompo Japan Nipponkoa Insurance Incorporated: Sompo Japan Insurance Inc. and Nipponkoa Insurance Co. Ltd. merged and the title of the company was changed to Sompo Japan Nipponkoa Insurance Inc. in September 2014. It started to be known as Sompo Holdings on 1 October 2016.

**European Bank for Reconstruction and Development

2019

- All shares in the company, whose title was changed to “Sompo Sigorta Anonim Şirketi” on 15 May 2019, were transferred to Sompo International Holdings Ltd. on 7 November 2019.
- It ranked 5th with a market share of 6.1% in non-life insurance premium production.
- The Company set itself apart in the sector with its “Respect for Earth” social responsibility project, an important step taken in the field of sustainability.

2020

- Sompo Sigorta, which introduced the first international travel insurance policy to cover Covid-19 in Turkey, also extended Covid-19 coverage to international education travel insurance, which it offers students who travel abroad to study.
- Developing innovative products and services and drawing attention to global climate change with the “Respect for Earth” project which started in 2019, Sompo Sigorta introduced its Solar Power Plant (SPP) Insurance product to SMEs with the aim of supporting renewable energy systems.
- It ranked 7th with a market share of 5.1% in non-life insurance premium production.

2011

The company title was changed to Sompo Japan Sigorta A.Ş. on 28 February 2011

2013

- 30 January 2013 Each of the following companies transferred 0.02% of their shares to SJNK Insurance Inc. Sompo Japan Asia Holdings Pte. Ltd., Sompo Japan Insurance (Singapore) Pte. Ltd., Sompo Japan Insurance Company of America, Sompo Japan Insurance Company of Europe
- In the Annual General Meeting dated 28 March 2013, the company's articles of association were amended in order to comply with the Turkish Commercial Code no. 6102. The company's amended articles of association were published in the trade registry gazette dated 7 June 2013.

2015

- Sompo Holdings received the Center of Excellence award in the motor branch.
- It ranked 8th among 38 companies in terms of non-life insurance premium production.

2016

- 31 October 2016 Shares held by the EBRD[™] were transferred to SJNK Insurance Inc.
- SJNK Insurance Inc. became the sole shareholder.

2017

- Ranked 6th among 39 companies in terms of non-life insurance premium production.

2017

- Ranked 6th among 38 companies in terms of non-life insurance premium production.
- Taking into consideration the sustainable growth and profitability performance of Sompo Japan Insurance, the Sompo Group took the decision to connect its worldwide retail operations to Mr. Recai Dalaş, the founding CEO of Sompo Japan Insurance.

2021

- In April 2021, Sompo Sigorta moved to its new head office building with the LEED green building certification. The new head office building was designed according to employee responses in the surveys, with the needs and expectations of the employees comprehensively taken into consideration.

2022

- **With its new "Budget Friendly Motor Insurance" product, designed to meet the needs of its customers, Sompo Sigorta offered its customers a wide range of policies with in its expanded range of motor insurance products at more affordable rates through its extensive private service network.**
- **Sompo ranked 7th with a market share of 5.1% in non-life insurance premium production.**

FOCAL POINTS OF SOMPO SIGORTA'S STRENGTH

INTERNATIONAL EXPERIENCE AND FINANCIAL STRENGTH

Representing a deeply rooted service culture and a wealth of experience with its subsidiaries in 30 countries on 5 continents around the world, Sompo Holdings' long-term international insurance know-how, strong financial structure and reinsurance support provide Sompo Sigorta a significant competitive advantage.

AN INNOVATIVE COMPANY VISION

With its innovative vision, Sompo Sigorta aims to be a company which brings about change rather than merely keeping up with the pace of change. The Company, which has achieved many "firsts" in the sector, aims to be an insurance company which directs the sector in the long term by maintaining its pioneering practices.

STABILITY OF MANAGEMENT AND TRUST

Sompo Sigorta has risen to stand out as one of the sector's leading companies. Since its foundation, Sompo Sigorta has been growing successfully with its stable management team and superior service approach, reinforcing customer confidence.

STABLE PRICE POLICY

Sompo Sigorta has a way of thinking that goes beyond usual approaches in the insurance sector, protecting both its agents and customers in the long term with its stable and competitive pricing policy.

EXPERIENCE AND EXPERTISE

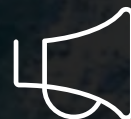
Sompo Sigorta aims to continuously improve its customer experience with its experienced and specialized staff, professional service approach and solution-oriented systematic service model.

EFFECTIVE DAMAGE MANAGEMENT PROCESSES

Sompo Sigorta rapidly provides solutions by managing the damage files of its customers in the most effective way with its specialized damages desks in both the motor and non-motor branches.

FAST AND EFFECTIVE COMMUNICATION

Sompo Sigorta is focused on providing the right solutions with its ability to communicate quickly and effectively with its customers, business partners and employees.



ACCUMULATED KNOWLEDGE

A member of Sompo Holdings, which represents a deeply rooted service culture and experience

BEYOND THE ORDINARY

Going beyond what is customary in the insurance industry by protecting its customers in the long term.

AGENCY AND CUSTOMER ORIENTED SALES MANAGEMENT

Sompo Sigorta accurately identifies the needs of its agents and customers. Thanks to effective sales management, it ensures that its agents are able to develop alternative solutions appropriate to their customer portfolio.

PRODUCT DIVERSITY AND CAMPAIGN MANAGEMENT

Sompo Sigorta is able to transform its wide range of products shaped by its experience and expertise into more added value and benefits for its customers through cross-selling and top-selling opportunities and campaigns offered to the agencies.

A PIONEER OF DIGITAL CHANGE

While Sompo Sigorta is rapidly adapting to the digital transformation taking place around the world, it reflects its superior technological capabilities to agency screens, online platforms and system infrastructure, attaching priority to simplicity and rapid solution creation, which have come to the forefront through digitalization.



THE RIGHT SOLUTIONS

Shaped by a stable management team and superior service understanding



DIGITAL LEADERSHIP

Adding value to customers, partners and employees with simplicity and speed

EXPLANATIONS ON PRIVATE AUDIT AND PUBLIC AUDIT DURING THE ACCOUNTING PERIOD

Our company underwent tax audits on a quarterly basis conducted by Yetkin Yeminli Mali Mvirlik A.. (certified public accountant) (KPMG) and an independent audit was carried out by Gney Bađımsız ve Serbest Muhasebeci Mali Mvirlik A.. (Ernst&Young) at the end of June and at the end of the year.

NUMBER OF EMPLOYEES, NUMBER OF REGIONAL OFFICES, LIAISON OFFICES AND BRANCHES, THE COMPANY'S SERVICE FIELDS AND AREAS OF ACTIVITY, AND THE EVALUATION OF THE COMPANY'S POSITION IN THE SECTOR

NUMBER OF EMPLOYEES AS OF THE END OF 2022, OUR COMPANY HAD 724 EMPLOYEES.

The sales organization of our company is comprised of branches and regional offices throughout the country, and the number of these organizations has increased in line with our company's growth needs.

NUMBER OF REGIONAL OFFICES, LIAISON OFFICES AND BRANCHES

The company's Trade Registry Number is 455439. The company's headquarters and General Directorate are located in Istanbul and operate at the address of Çam Pınarı Sokak, No: 10, Rüzgarlıbahçe, Beykoz Kavacık, Istanbul.

We have 10 regional offices, as listed below:

- Istanbul Europe Region,
- Istanbul Anatolia Region,
- Istanbul Anatolia East Side Region,
- Western Istanbul and Trakya Region,
- Mediterranean Region,
- Marmara Region,
- Black Sea Region,
- Aegean Region,
- Southeast Anatolia Region and
- Central Anatolia Region

In addition, we have the following 3 branches:

- Denizli,
- Samsun and
- Gaziantep

THE COMPANY'S SERVICE FIELDS AND ACTIVITY AREAS

Our company operates in all non-life branches (Fire and Natural Disasters, Financial Losses, Marine, Sea Vehicles, Sea Vehicles Liability, Motor Vehicles, Motor Vehicles Liability, Accident, Railway Vehicles, Air Vehicles, Air Vehicles Liability, General Damages, General Liability, Surety Bond, Legal Protection, Credit, Illness/Health, Support)

FROM THE MANAGEMENT



02

LOCAL EXPERIENCE



Principled and respectful

Approaching its customers with sincerity, but with principles and respect



With corporate responsibility

Responsible for the society and economy which it is a part of

20 Message from the Chairman
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Exemplary and pioneering

Differentiating itself with its technological capabilities and innovation



High quality and with the right products and services

Offering high quality and the right products and solutions to its customers

MESSAGE FROM THE CHAIRMAN



RECAI DALAŞ

Chairman

WITH THE GLOBAL ECONOMY STILL NOT OVER THE GLOBAL STAGNATION, PROJECTIONS ARE BEING REVISED DOWN.

A difficult period for the world economy

Economic growth in the world fell short of expectations in 2022 as economic uncertainty, geopolitical tensions, inflation reaching levels not seen in many years and aggressive tightening policies implemented to tackle high inflation all came to the fore. The world economy faced the danger of sliding into recession again just three years after the recession experienced during the 2020 pandemic.

Before the world had fully recovered from the pandemic, growth forecasts of many countries were revised down for 2022. In the wake of the strong global growth of 6.2% in 2021, the IMF set out projections that that global economic growth would come in at 3.4% in 2022 and 2.9% in 2023 its January 2023 dated Economic Outlook report. The rapid growth which followed the 2020 global recession and supply issues which occurred after the war broke out between Russia and Ukraine led to permanent price pressures. Tightening monetary policies were implemented all over the world in 2022 in a bid to curb inflation. However, the implementation of these policies, though necessary, precipitated a deterioration in the global economy.

WHILE THE TURKISH ECONOMY DEMONSTRATED STRONG GROWTH IN THE FIRST HALF OF 2022 ON THE BACK OF THE CREDIT EXPANSION AND CONTRIBUTION OF DOMESTIC DEMAND, GROWTH LOST MOMENTUM IN THE THIRD QUARTER.

Central banks' raised interest rates in a bid to tackle inflation. Deteriorating levels of confidence and ongoing geopolitical tensions also paved the way for a decline in global economic growth expectations for 2023. Interest rate hikes in developed countries implemented to bring inflation down to sustainably low levels have raised the possibility of financial crises in developing countries. Although the results of the tightening monetary policies on inflation are beginning to be seen, a full recovery is not expected until 2024. All these developments indicate that the world will remain under the shadow of negative economic indicators for a longer period of time, limiting global economic activity.

The Turkish economy maintains its growth trend

While the Turkish economy recorded strong growth in the first half of 2022 on the back of the credit expansion and the contribution of domestic demand, growth lost momentum in the third quarter. Negative developments such as increasing fragility in the economy, the depreciation of the Turkish Lira and the fallout of inflation, which peaked at 85.5% in October 2022, were offset by a recovery in tourism receipts and increasing economic activity thanks to a tripling in the minimum wage between December 2021 and January 2023. The Turkish economy ended 2022 with a 5.6% rate of growth.

While a wide current account deficit, dwindling foreign currency reserves and a high weight of public debt in foreign currency took its toll on the Turkish economy, the shrinkage in global liquidity has also piled pressure on the economy. The slowdown in the European economy and contraction in global trade have negatively affected foreign demand. In order to reduce the impact of these negativities on growth ahead of the election, economic incentive measures were introduced such as retirement benefits for millions of employees and a 55% increase in the minimum wage.

The devastating earthquakes which struck the south of Turkey on February 6 led to mass casualties and severe destruction in the region. Although the full scale of the disaster is yet to become clear, it is expected to present a significant burden on the Turkish economy.

The Central Bank maintains its efforts to loosen the monetary policy in order to ensure economic growth and support the necessary recovery in the wake of the earthquake. The conundrum of negative real interest rates looks set to remain a key issue in 2023.

MESSAGE FROM THE CHAIRMAN

AGAINST A BACKDROP OF INCREASING RISKS AMID THE VOLATILE ENVIRONMENT IN THE INSURANCE SECTOR, ACTIONS TO PREVENT RISK ARE MORE IMPORTANT THAN EVER.

The weakening in the global financial risk appetite places a high level of uncertainty on Turkey's financial stability. Considering the shrinkage in trade volume in parallel with decreasing foreign demand, the burden of expansionary monetary policies on the budget and the fallout of the large scale of destruction brought about by the earthquakes, 2023 will be a challenging year for the Turkish economy.

Risk management and digital transformation become the main agenda items for the insurance industry

Given that the world has not yet overcome the economic recession triggered by the pandemic, the global insurance sector is faced with significant macroeconomic uncertainties. As with other sectors, the pandemic forced insurance companies to carry out structural changes. Companies able to adapt to the changing conditions during this period were better placed to get through this challenging process than their competitors. While total premium production grew on the back of rising average premiums, there were significant increases in claim costs due to the effects of inflation. Increases in claim costs negatively affected profitability in the sector. In addition to macroeconomic conditions, the increasing incidence and severity of natural disasters as a result of accelerating climate change remain a significant source of concern for the global insurance industry.

Against this backdrop of rising risks in the insurance sector in this volatile environment, actions to prevent risk have taken on ever more importance. The developments following the pandemic emphasize the importance of carrying out the necessary transformation process in order to meet customer expectations effectively. The acceleration in the digital transformation during the pandemic period remains an important strategic area for companies. According to the EY 2023 Global Insurance Outlook Report, while macroeconomic developments have negatively affected the profitability of companies, high investment incomes rely on ensuring the right financial protection and sound asset-liability management. As a result, the sector is expected to continue to be affected by the difficulties experienced in the sector globally, which will continue to put pressure on companies. For this reason, innovative and forward-thinking companies will continue to exist by improving the customer experience, increasing their operational efficiency and adapting themselves to the developments in the sector.

ACCORDING TO 2022 FIGURES PUBLISHED BY THE TURKISH INSURANCE ASSOCIATION, PREMIUM PRODUCTION FROM NON-LIFE INSURANCE COMPANIES REACHED TL 196.8 BILLION AS OF THE END OF THE YEAR, AN INCREASE OF 133% COMPARED TO THE PREVIOUS YEAR.

A closer look at the developments in the Turkish insurance sector in 2022 finds that the premium production of non-life insurance companies increased by 133% compared to the previous year to reach TL 196.8 billion according to 2022 figures published by the Turkish Insurance Association. The sector also grew in real terms compared to the rate of inflation. In terms of profitability, the total net profit of non-life companies had decreased by 2.2% to TL 3.7 billion as of the third quarter of 2022 as negative real interest rates adversely affected the profitability of the insurance companies.

Sompo Sigorta was deeply saddened by the earthquakes which struck in Kahramanmaraş, affecting more than 13 million people in 12 provinces throughout Turkey. As always, we stand by those affected by this disaster. We have the financial strength to cover the damages suffered by our insured customers caused by the earthquake, and we are working tirelessly to pay all the claim costs quickly.

As in previous years, we continued to take the right actions on behalf of all our customers and employees against rapidly changing conditions in 2022, and we prioritized our products and systems with our innovative vision. In 2023, our priority will be to help our policyholders overcome the wounds caused by the earthquake. We will continue to invest in innovation, digitalization and people, which are the key elements of our success.

I would like to express my sincere thanks to all of our stakeholders who are with us and who trust us.

Yours Sincerely,

Recai Dalaş
Chairman

BOARD OF DIRECTORS



KATSUYUKI TAJIRI

Chairman

Born in 1967, Mr. Katsuyuki Tajiri graduated from the Department of English Language and Studies at Sophia University. Joining Sompo Nipponkoa Insurance, Inc. (formerly Yasuda Fire&Marine Insurance Co. Ltd.) in 1990, Mr. Tajiri initially worked as a Manager at the Marketing Department, then at the Corporate Planning Department and later at the Global Business Planning Department between 2006 and 2013. Katsuyuki Tajiri was appointed as the Executive Manager of Sompo Holdings (Asia) Pte. Ltd in 2013, and as the Regional Director of South Asia&Pacific of Sompo Holdings, Inc. and Regional Director of South Asia&Pacific of Sompo Japan Insurance Inc. He has been working as the Executive Director at Sompo International Retail, Sompo Holdings, Inc. and Sompo Nipponkoa Insurance Inc. since 2018. Mr. Katsuyuki Tajiri was appointed as a Board Member in March 2019 and has served as the Chairman of the Board of Directors at Sompo Sigorta Anonim Şirketi since 2022.



RECAİ DALAŞ

Vice Chairman of the Board

Born in 1956, Mr. Recai Dalaş graduated from the Faculty of Business Administration at Istanbul University, and completed a Master's degree in Accounting Auditing at the same faculty. Mr. Dalaş joined Oyak Sigorta in 1985 and was appointed as the General Manager in 1999. Since 2001, he has been working as the CEO of Sompo Sigorta Anonim Şirketi (formerly Fiba Sigorta A.Ş. - Sompo Japan Sigorta A.Ş.). Mr. Recai Dalaş has been serving as the Vice-Chairman of the Board of Directors at Sompo Sigorta Anonim Şirketi in 2022.



BESİM ERGÜN

Member of the Board

Born in 1965, Mr. Besim Ergün graduated from the Department of Civil Engineering at Boğaziçi University. He worked as the Deputy General Manager at AXA Oyak Sigorta between 1991 and 2001 and as the Deputy General Manager at Meteksan Sistem ve Bilgisayar Teknolojileri between 2001 and 2004. Mr. Ergün joined Sompo Sigorta A.Ş. in 2004 and served as the Deputy General Manager between 2004 and 2013 and as a Board Member between 2010 and 2013. Working as the Business Development Consultant since 2013, Mr. Besim Ergün was appointed as a Board Member of Sompo Sigorta Anonim Şirketi in March 2019.



KEMAL BECEREN

Member of the Board

Born in 1967, Mr. Kemal Beceren graduated from the Department of Computer Engineering at Boğaziçi University and completed an MBA at the same university. He worked as the IT Group Manager at QNB Finansbank between 1991 and 2000 and as the IT Group Manager at Carrefour SA between 2001 and 2007. Kemal Beceren joined Sompo Sigorta Anonim Şirketi group as a Coordinator in 2007 and has been working as the Deputy General Manager since 2010. Mr. Beceren was appointed as a Board Member of Sompo Sigorta Anonim Şirketi in March 2019.



FAHRİ UĞUR

Member of the Board

Born on 1977, Mr. Fahri Uğur graduated from the Department of Finance at Hacettepe University and completed an MBA in New York University. He started his career in 2002 as an Assistant Insurance Supervisor at the Insurance and Private Pensions Regulation and Supervision Agency and was appointed as the Insurance Supervisor in 2006. He served as the Assistant General Manager for Technical Affairs at Halk Sigorta between 2013-2015 and as a Member of the Board of Directors of Türk P&I Sigorta between 2013-2014. Fahri Uğur joined the Sompo Sigorta group as the Deputy General Manager of Financial Affairs in 2015 and was appointed as a Member of the Board of Sompo Sigorta Anonim Şirketi in February 2021.

MESSAGE FROM THE CEO



FAHRİ UĞUR

CEO

SOMPO WROTE A NET PROFIT OF TL 460 MILLION IN 2022, MARKING AN INCREASE OF 42% FROM THE PREVIOUS YEAR, RANKING AS ONE OF THE MOST PROFITABLE COMPANIES IN THE SECTOR.

Before I start my evaluation of the year of 2022, I would like to take this opportunity to wish God's mercy on the souls of those who lost their lives due in the tragic earthquakes which struck on 6 February 2023, and to send my condolences to those who lost their loved ones. On behalf of the Sompo Sigorta family, we have worked tirelessly to provide all kinds of support from the very outset as we have sought to heal the wounds inflicted by this disaster, and we will continue to do so.

Leaving behind another difficult year

We leave behind a year in which uncertainties seriously affected the macroeconomic outlook around the world. In 2022, which was expected to be a year in which the economic stagnation experienced during the pandemic would be overcome, inflationary pressures arising from increased energy and food prices mounted and global growth forecasts were revised downward as a result of the monetary tightening decisions taken by central banks. Against this backdrop, the high levels of inflation were compounded by volatility in exchange rates and interest rates, which also negatively affected the insurance sector. Even under such challenging conditions, the insurance sector exhibited a strong performance in 2022, with the non-life branches posting 133.1% growth. Given that the annual rate of inflation during the year was 64.3%, it is apparent that the sector has grown in real terms.

The weakness of the Turkish Lira, the high rates of inflation throughout the year and cost pressures on profitability all served to reduce price-based competition in the sector and led to an increase in average premiums, paving the way for the sector to post a rate of growth in premium generation which exceeded the rate of inflation. Although the non-life insurance sector achieved significant growth in real terms, the sector experienced a difficult year in terms of profitability. The combination of a weak currency, low interest rates and the environment of high inflation which started in the last quarter of 2021 adversely affected the financial results.

Our company continues its successful rise

In terms of numbers, Sampo increased its premium production by 192% compared to the previous year, to TL 10,085 million in 2022, outperforming the sector, while increasing its market share from 4.1% to 5.1%, ranking 7th in the non-life insurance sector. Despite the challenging conditions, Sampo maintained its strategy of sustainable profitability in 2022, with its net profit increasing by 42% to reach TL 460 million, placing Sampo as one of the most profitable companies in the sector with a Return on Equity of 21%. In addition to profitability, Sampo continued to be among the leading companies in the sector both in terms of its asset volume and the size of its equity. Our company's asset volume expanded by 63% to reach TL 11.9 billion while its shareholders' equity increased by 17% to TL 2.4 billion.

In the motor vehicles insurance and motor third party liability (MTPL) insurance branches, which constituted 70% of our premium production in 2022, we generated TL 3,539 million of premium production in motor vehicles insurance and TL 3,564 million in the MTPL branch. We rounded off the year in 4th place in the market, increasing our market share to 8% with a 300% increase in premium production in the motor vehicles insurance branch. High levels of inflation with the movement in exchange rates and rise in vehicle prices, along with the increase in claim frequency due to the lifting of the pandemic restrictions were the main factors placing downward pressure on technical profitability in the motor branches. Despite this, we ended the year with positive technical profitability in the motor insurance branch, thanks to decreased price-based competition in the sector and an increase in average premiums.

In addition to the increase in claim costs in motor insurance, negative real interest rates and the rise in the minimum wage, along with high inflation continue to negatively affect the outlook in the MTPL branch. The sector's profitability was adversely affected as increases in the ceiling price also provided insufficient in certain periods. Along with the macroeconomic indicators, the high levels of claims in the MTPL branch were reflected to our technical results, with MTPL recording a technical loss.

In the non-motor branches, Sampo increased its premium production volume by 123%, outperforming the growth in the industry. While the health branch provided the most important contribution to this growth with an increase of 281% in premiums, we also recorded an eye-catching performance in terms of premium production volume in the fire and engineering branches. We aim to achieve further gains in non-motor market share in the upcoming period as well.

We offer new products that elevate the customer experience

In line with our strategy and goals, we continued our work to develop new products and services in 2022 by focusing on the needs of our customers. In this context, taking into account changing economic conditions and consumer needs, we developed our Budget Friendly Motor Insurance product in October 2022. With this product, we aimed to offer quality service at an affordable price by directing our customers to contracted authorized repair services which were carefully selected for their extensive experience.

We pressed ahead with our investments in 2022 in line with our customer-centric innovative approaches and the importance we place on digitalization. In this vein, we are a pioneer in the insurance industry with new generation technologies and applications which capture the dynamics of era. Working in accordance with our vision of digitalization, customer focus and respect for nature, we implemented the Digital Motor Insurance Policy, a first in the sector. With this application, we provided easy access to the motor insurance policy document, which has been simplified and summarized, with the QR code.

We are moving forward in line with our sustainability goals

At Sampo Sigorta, we see sustainability as our priority in every field we operate in, considering all environmental, social and governance areas. In line with our sustainability goals, we will continue to develop innovative products that will bring ease to the lives of our customers by taking their demands and needs into account. In addition, as the pioneer follower and implementer of new generation technologies in the insurance sector, we will continue to bring our customers and business partners together with our innovative, high-quality and fast service approach.

By integrating technology into all our business processes in 2023, we will place priority on realizing our goals with our customer-oriented approach, working closely with our agencies and employees. We will continue to differentiate ourselves and create value for our customers and business partners by increasing our focus and strength on the axis of people, technology and customers, which are the basic building blocks of our Company.

After completing a successful year in 2022, I would like to extend my sincere thanks to our customers for the trust they have placed in us, to all of our employees who have worked so diligently, to all our business partners who are progressing towards the same goals as we are, to our distribution channels, and to our shareholders.

Yours Sincerely,

Fahri Uğur
CEO

SENIOR MANAGEMENT

RECAİ DALAŞ

Vice Chairman/CEO
(Date of Appointment:
11 December 2001)

Education

İstanbul University/Business
Administration
İstanbul University/Accounting
Auditing - Post Graduate

Work Experience

1985-2001 AXA Oyak Sigorta
2001 - Ongoing Sompö Sigorta
- CEO

FAHRİ UĞUR

Board Member/Deputy General
Manager
(Dates of Appointment:
25 February 2021 and
1 July 2015)

Education

Hacettepe University/Finance
New York University/MBA

Work Experience

- 2002-2013 Undersecretariat
of Treasury - Insurance
Supervisor
- 2013-2014 Türk P&I Sigorta -
Board Member
- 2013-2015 Halk Sigorta -
Deputy General Manager
(Technical)
- 2015 - Ongoing Sompö
Sigorta - Deputy General
Manager (Financial Affairs)

KEMAL BECEREN

Board Member/Deputy General
Manager
(Dates of Appointment:
26 March 2019 and 2 April 2010)

Education

Boğaziçi University/Computer
Engineering
Boğaziçi University/Business
Administration - Post Graduate

Work Experience

- 1991-2000 QNB Finansbank -
IT Group Manager
- 2001-2007 CarrefourSA - IT
Group Manager
- 2007-2010 Sompö Sigorta -
Coordinator
- 2010 - Ongoing Sompö
Sigorta - Deputy General
Manager (Information
Technologies and Operations)

UĞUR ÖZER

Deputy General Manager (Date
of Appointment: 1 August 2013)

Education

Marmara University/Economics
İstanbul University/Accounting
and Financial Control - Post
Graduate
University of East Anglia/
Economics - Masters and PhD

Work Experience

- 1991-2010 Undersecretariat
of Treasury - Insurance
Supervisor
- 2010-2013 Generali Sigorta -
Deputy General Manager
- 2013-2021 Sompö Sigorta -
Deputy General Manager
(Damages)
- 2021 - Ongoing Sompö
Sigorta - Deputy General
Manager (Corporate Lines
Insurance)

İŞİN MENGENLİ

Deputy General Manager
(Date of Appointment:
16 February 2015)

Education

Boğaziçi University/Department
of English Teaching
New York University/
Management and Organization

Work Experience

- 1995-1998 Yapı Kredi Bank -
Human Resources Specialist
- 1998-2000 Dışbank - Human
Resources Manager
- 2000-2005 Deloitte - Human
Resources and Management
Consultancy Manager
- 2005-2007 Deloitte - Human
Resources Director
- 2008-2010 Hay Group
- Human Resources
Consultancy Director
- 2011-2014 Mercer - Human
Resources Consultancy
Director
- 2015 - Ongoing Sompö
Sigorta - Deputy General
Manager (Human Resources
and Academy)



ATAMAN KALKAN

Deputy General Manager (Date of Appointment: 1 June 2017)

Education

Boğaziçi University/Computer Engineering

Work Experience

- 1997-1998 Escort Yazılım - Project Manager
- 1999-2000 SFS Danışmanlık - Information Technologies Assistant Manager
- 2000-2007 Gima/CarrefourSA - Information Technologies Director
- 2007-2010 Sompo Sigorta - Technology Solutions Director
- 2011-2015 Sompo Sigorta - Personal Technical Group Manager
- 2016-2017 Sompo Sigorta - Personal Technical Director
- 2017-2021 Sompo Sigorta - Deputy General Manager (Corporate Technical and Corporate Sales)
- 2021 - Ongoing Sompo Sigorta - Deputy General Manager (Personal Lines Insurance)

MUSTAFA ORHAN

Deputy Assistant General Manager (Date of Appointment: 1 February 2021)

Education

Middle East Technical University (METU) Faculty of Administrative and Economic sciences/Public Administration

Work Experience

- 1991-1998 Anadolu Sigorta - Inspection Board Assistant Manager
- 1998 - Nordstren İmtaş Sigorta
- 1998-2002 AXA Sigorta - Operation Manager
- 2002-2021 - Sompo Sigorta
- Aegean Region Manager
- Sales Coordinator
- Sales Development Coordinator of Agencies
- Deputy Assistant General Manager (Agencies Sales Management and Marketing)
- Sales Coordinator of Regions
- 2021 - Ongoing Sompo Sigorta - Deputy Assistant General Manager (Marketing)

HASAN BAYATA

Deputy General Manager (Date of Appointment: 1 October 2021)

Education

Istanbul University Faculty of Political Sciences/Public Administration

Work Experience

- 1998-2000 İnterbank - Sales Manager
- 2001-2017 Ak Sigorta - Sales Manager/Regional Manager/ Sales Group Manager of Regions
- 2017-2021 Sompo Sigorta - Sales Coordinator of Regions
- 2021-2021 (October) Sompo Sigorta - Deputy Assistant General Manager (Sales)
- 2021 (October) - Ongoing Sompo Sigorta - Deputy General Manager (Sales)

AYHAN ARSLAN

Deputy General Manager (Date of Appointment: 1 October 2021)

Education

- Uludağ University Faculty of Administrative and Economic Sciences/Business Administration
- 1999-2009 Allianz Sigorta - Claims Manager
- 2009-2010 Mapfre Sigorta - Motor Claims Project Manager
- 2010-2013 Ergo Sigorta - Claims Logistics Manager
- 2013-2016 AXA Sigorta - Claims Deputy Director
- 2019-2021 Sompo Sigorta - Claims Coordinator
- 2021 (February)-2021 (October) Sompo Sigorta - Deputy Assistant General Manager (Claims)
- 2021 (October) - Ongoing Sompo Sigorta - Deputy General Manager (Claims)

2022 ACTIVITIES



A COMPETENT TEAM



**For Efficiency and
Effectiveness**

A system based on participation,
collaboration and continuous
improvement



**Commitment and
Belonging**

Value generated by effective talent
and career management practices

- 32 Key Developments
- 34 Human Resources, Academy and Internal Communication
- 40 Social Responsibility
- 41 Communication and Sponsorship Activities
- 42 Distribution Channels



Goal and Competence

A system where employees evaluate their managers



For High Satisfaction

Customizable benefits instead of standard fringe benefits

KEY DEVELOPMENTS

“ Sompogorta’s focus in 2022 has been to review the technological infrastructure that will provide the best experience to both its customers and business partners. ”

In line with the goals of the digital transformation and improving customer experience, a key innovation implemented in 2022 was the Digital Motor Insurance Policy application.



SIGNIFICANT STEPS TAKEN IN DIGITAL QUALIFICATION AND PRODUCT DIVERSITY

Sompogorta’s range of individual products includes a wide selection of motor insurance products to meet customer needs with a wide range of options in terms of coverage and premium content. Mini Motor Insurance, Budget Friendly Motor Insurance and Extended Motor Insurance are prominent products within the motor insurance product range.

Attracting attention with its affordable price, the mini motor insurance policy was updated in 2022 by expanding its scope to meet the changing needs of customers.

Budget Friendly Motor Insurance, which was designed by taking changing economic conditions and consumer needs into account, was launched in 2022 as a motor vehicle insurance product appropriate for all budgets. Budget-Friendly Motor Insurance ensures that vehicles are secured under more economical conditions by providing repair facilities at contracted private services, primarily the Express Damage Repair Centers (EHOM), serving throughout Turkey.

In line with the goals of the digital transformation and to offer an improved customer experience, another innovation implemented in 2022 was the Digital Motor Insurance Policy. With this new policy, we aim to improve the customer experience by integrating digitalization into the motor insurance policy processes, as well as helping protect the environment by reducing the use of printed materials and therefore paper. The motor insurance policy document has been simplified and summarized, and information which the insured party would need to see is highlighted with easy-to-understand content. At the same time, it is possible to access policy details over digital platforms using the QR code access option placed in the summary policy.

In 2022, Sompogorta’s focus has been to review ways of doing business and the technological infrastructure to provide the best experience to both its customers and business partners. In this context, the mobile and web platforms of the Ejento application, where agencies carry out all of their processes, have been redesigned to provide a revamped user experience. A new structure has been implemented which enables agencies to carry out all the information and transactions they need in the claims processes themselves, to follow the process and to communicate with Sompogorta.

SOMPO SİGORTA'S INDIVIDUAL PRODUCT RANGE INCLUDES A WIDE SELECTION OF MOTOR INSURANCE POLICIES TO MEET CUSTOMER NEEDS WITH A RANGE OF OPTIONS FOR COVERAGE AND PREMIUM CONTENT.

As part of the Sompo Digital Transformation Project, all web and mobile platforms were restructured within the framework of customer and channel experience. The internet insurance platform and Sompo Mobilo platform were reconfigured on the basis of end-to-end offer/policy processes, renewal processes, claim processes, assistance applications, product information and guidance, and user experiences.

The product range on the Internet insurance platform was expanded, and the Budget Friendly Motor Insurance, TSS Maternity Package and Plus Housing products were launched during the year, with significant progress taken in line with the goal of being the company to offer the widest product range in line with changing customer needs in the sector.

At the same time, work on the launch the International Education Travel product has been completed through the Customer Mobile App, "Sompo Mobilo".



Sompo Sensei, the AI-supported virtual assistant of Sompo Sigorta, started to support customers by going live on all digital platforms, including the website, internet insurance portal and mobile application.

HUMAN RESOURCES, ACADEMY AND INTERNAL COMMUNICATION

Sompo Sigorta ensures a higher level of employee satisfaction by meeting the changing needs of its employees with customizable benefits, instead of standard fringe benefits.

HUMAN RESOURCES

The fundamental basis of Sompo Sigorta's Human Resources Policy is to "incorporate quality human resources in line with the company's goals and strategies and to ensure that they are utilized in the most efficient way". With the human resources practices implemented in line with this policy, we aim to create an inclusive, cooperative and continuous improvement-based system within the framework of the company's culture and its values, to support the professional and personal development of employees, to ensure internal communication and to create an environment that supports innovation, leadership and quality.

A COMPANY WITH HIGH EMPLOYEE LOYALTY

Constantly measuring employee loyalty, Sompo Sigorta ranks among the top Sompo companies worldwide in terms of employee loyalty. Effective talent and career management practices are implemented and measures taken to increase employee loyalty:

The company believes that the impact of management development on increasing employee loyalty is significant and it attaches importance to the development of managers. In this direction, the performance system, in which managers evaluate employees on the basis of their targets,

competencies and development, as well as the 360-degree manager evaluation system in which employees evaluate their managers, have been implemented since Company's inception. The evaluation results play an active role in determining the needs for improvement and career planning.

Sompo Sigorta provides a higher level of employee satisfaction and achieves higher employee loyalty by meeting the changing needs of its employees with customizable benefits instead of standard fringe benefits.



TALENT MANAGEMENT PRACTICES ARE APPLIED, FOCUSING ON STRENGTHS AND AIMING TO DISCOVER NEW TALENT AND INCREASE SUCCESS.



HUMAN RESOURCES, ACADEMY AND INTERNAL COMMUNICATION

AS OF THE END OF 2022 SOMPO SIGORTA EMPLOYED A TOTAL OF 724 PERSONNEL, 137 OF WHOM WERE MANAGERS.

In 2020, a Flexible Benefits Program named “As You Choose!”, in which employees can determine their fringe benefits, was introduced as part of practices aimed at increasing employee loyalty. With this application, which was developed by considering changing working conditions, especially with the introduction of remote working during the pandemic, Sompo Sigorta employees may give up fringe benefits which they do not need, and choose benefits they wish or need instead. A completely personalized package has been created and all employees are able to benefit flexibly from alternative fringe benefits offered within the scope of the program such as food allowance, private health insurance, New Year gifts, vehicle and petrol allowances. Employees could, for example, choose a more comprehensive health insurance plan using the budget created from their existing fringe benefits, or alternatively choose a less comprehensive plan depending on their needs, thus freeing an additional budget from to consider alternative supplementary health packages, such as coverage of critical diseases or dental treatment.

Strong communication with employees starting with their recruitment.

As of the end of 2022, Sompo Sigorta employed a total of 724 personnel, 137 of whom were managers. Of the total, 49% of employees were women and 51% were men, while 7% of employees had a high school education, 18% had higher education and 75% either had university or higher education.

Sompo Sigorta continued its recruitment during the pandemic, employing 137 people in 2021 and 199 people in 2022. Recruitment will continue in the coming periods in parallel with the company's growth.

Candidates undergo a competency-based Interview, personality inventory, general aptitude test and English Level test depending on the requirements of the position, with the policy of recruiting candidates who are a good fit for the Sompo Sigorta culture, possess the competencies required by the job and offer high potential.

After the recruitment, a face-to-face “First Impression Interview” is held in the 5th month in order to monitor compliance with employees, to discuss the areas where they are satisfied and those which they seek to change, and face-to-face “We Listen to You” meetings take place in the company in order to closely get to know employees who have been working for more than a year, to listen to their opinions and feedback and to determine actions to take.

EFFECTIVE CAREER MANAGEMENT ACTIVITIES

At Sompo Sigorta, talent management practices are carried out with a focus on strengths with the aim of unveiling the employee's talents to increase success. Career paths are clear and defined. Horizontal or vertical transitions between departments are possible depending on the employee's qualifications. In addition to their managerial career, employees may also develop themselves as specialists in certain areas and pursue a technical career.

“Evaluation Center” practices are in place in promotion and recruitment to positions with team management responsibility, in order to use an objective tool when evaluating candidates, to evaluate all candidates fairly with the same criteria, to provide feedback on concrete data and observations and to invest in development based on accurate data.

In line with the company's value of transparency, training is provided to all employees in which up-to-date information on Human Resources strategies and processes is shared.



Employees are paid within a systematic framework which is sensitive to the market and takes account of internal balances. Within the framework of the performance-target systematic based on the logic of creating harmonious goals among the units, the performance of the employees is reflected in their wages.

Meanwhile, the “Spot Award” application aims to encourage and offer appreciation to employees who make a difference and recognize their achievements.

A NEW APPLICATION: “YOU ARE MY CUSTOMER”

With the “You Are My Customer” application, launched for the first time this year, we aim to improve the company’s business processes and increase service quality with the aim of evaluating services provided by Sompo Sigorta employees to their internal customers, measuring the level of satisfaction regarding the services provided between departments, identifying areas that need improvement and to take action in this direction.

HIGHER EFFICIENCY WITH THE HYBRID WORKING MODEL

Sompo Sigorta, which switched rapidly to the remote working model by expanding its investments in technology and digitalization during the pandemic, decided in May 2022 to maintain the Hybrid working model in view of the changes brought about by the pandemic. While preparing the hybrid model, instead of creating a single model covering all employees, the requirement that employees in all positions should work in the office together with the managers were analyzed, while the preferences and needs of the employees were also taken into account. While this model was being put into practice, a systematic infrastructure was created in which issues such as food, personnel transportation and control of office density could be managed easily.

The Sompo Academy, a four-stage management development program has been designed with the purpose of advancing the managerial competencies of managers.

THE ACADEMY AND INTERNAL COMMUNICATION

The Sompo Academy continues its activities in line with Sompo Sigorta’s values and its strategic goals, bringing professional and personal development opportunities to its employees and business partners, and providing a personalized and sustainable learning experience.

TRAINING OFFERED TO EMPLOYEES

A four-stage management development program was designed to improve the managerial competencies of managers. All Sompo managers undergo the following 4-step management program:

- I am also an HR Manager
- Management Team, Business and the Future at Sompo
- Multidimensional Leadership at Sompo
- Gallup-Discover Strengths

In addition to the management training, the in-house “Mentoring Program” continues to support managerial development.

The Gallup’s strengths survey is applied to all employees at Sompo Sigorta and actions are taken to create teams focused on strengths. In addition to the four-step training program, Gallup Boss to Coach training was provided to all managers in 2022 within the scope of this application, which is supported by training each year.

HUMAN RESOURCES, ACADEMY AND INTERNAL COMMUNICATION

“ A total of 26,143 hours of training was provided to employees in 2022, with an average of 37 hours of training per person. ”

Also during the year, the Business Bootcamp program, a mini MBA program consisting of 9 modules extending for a total of 126 hours and designed specifically for Sampo Sigorta, was launched in cooperation with Özyeğin University. The program aims to provide employees with both theoretical and practical up-to-date information so they are able to make effective decisions in a competitive global business environment and to put these decisions into practice. The courses of the program, which got underway with 23 participants in February, were completed in September and the production phase of the project got underway.

Another special program implemented in 2022 was the Sampo Samurai Development Program, which was designed to recruit successful new graduates to the company. With this program, which took place for the second time this year, a comprehensive training program consisting of applied technical and personal development training was prepared for 14 young graduates who had no prior knowledge of the business world and insurance. Through this program, which got underway in September and will continue for a period of one year, young samurai learn about corporate life, Sampo Sigorta and the insurance sector.

Drawing on the advantage of being a global company, Sampo Sigorta also offers education opportunities abroad. Employees may participate in employee exchange programs organized by the company's shareholder, Sampo Holdings, and enroll on mini MBA programs offered in cooperation with the University of Singapore (NUS), while managers may participate in the “Global Leadership” and “Global Executive” programs. Both Sampo Sigorta and its employees have benefited enormously from such programs, which attracted wide attendance in 2022 and brought a blend of different cultures together. In addition, professional and personal development training programs tailored to personal, task-based and department-based needs, as determined in the needs analysis studies carried out which take account of the company's goals and strategies, are also provided.

Due to the pandemic, the training programs were provided entirely through the virtual classroom and digital methods in 2021, while face-to-face training got underway with mixed methods applied.

A total of 26,143 hours of training were provided to employees in 2022, with an average of 37 hours of training per person. In a bid to increase the transfer of know-how within the company, the number of internal trainers was increased during 2022 with 39% of the training carried out with internal resources.

TRAINING OFFERED TO BUSINESS PARTNERS

The “Agency Development Journey” program, which was first launched in July 2020, continued to be provided intensively in 2022.

The online learning platform, the “Sampo Agency Academy”, created for agencies, was also used effectively by agencies in 2022. With this learning platform, the development opportunities offered to agencies have been much more systematic and diversified, ensuring that different learning processes such as both e-learning and in-class training are managed from a single point. In addition, content may be accessed easily at any time with options such as the training catalogue, video catalogue and document library. Thanks to the platform, which also offers access via smartphones, tablets and mobile devices, training was made accessible without any restrictions in terms of time and place. Sampo Sigorta views this platform as an important step in working together with agencies to produce training development solutions and ensuring these solutions are permanent. Agency training and all training related to each branch were gathered and presented in the same week in 2022 under the concept of “Every Week is Different”. Accordingly, a total of 95 training programs were carried out (146 programs including distance learning) and a total of 8,607 employee hours of training was provided.



TRAINING OFFERED TO SOMPO GROUP COMPANIES

Training was also provided to the managers of Sampo Group companies at the Sampo Academy in 2022, in addition to employees and business partners. The aim of the OJT (On The Job Training) Program, organized for the first time this year for managers working in countries within the body of Sampo Holding, is to allow participants to experience the business processes, data-oriented working approach, culture and practices of Sampo Turkey, one of the group's most successful countries, and to enable participants to practice what they had learned in their own country by experiencing the Sampo Sigorta culture. Within the scope of this program, six managers from the Sampo Malaysia, India, Indonesia and Singapore companies received hands-on training in the relevant departments for 3 months. The program, designed specifically around the needs of each participant, consists of alignment, learning and application processes. During the program, each participant prepared a transformation plan which they could implement in their respective companies, and presented them to their country's CEOs.

In 2023, training and development solutions which will contribute to the professional and personal development of both employees and business partners will continue to be provided in line with the company's strategies. Business processes, systems and the platforms used will also be improved and developed accordingly.

Training and development solutions that will contribute to the professional and personal development of employees and business partners continue to be produced at Sampo Sigorta.

2022 INTERNAL COMMUNICATION ACTIVITIES

INTRA-COMPANY COMMUNICATION

With the transition to hybrid working in May 2022, employees who came to the office at the Sampo Sigorta building after the pandemic were greeted with a different dessert every day in the first week to welcome them back with a what would be a "sweet" memory.

Gift packages with the concept of "Welcome" are given to new friends who join Sampo Sigorta, and gift packages with the concept of "We Miss You" were given to those who had left for a period of time for reasons such as maternity leave, military service or illness.

As the effects of the pandemic started to recede, the company's social clubs were revived and the Sampo Acoustic Music Group and the Sampo Football team were formed and provided with financial support.

With the participation of all Sampo Managers, a managers meeting with the concept of "We are Ready for the Future" was organized at the Abant Büyük Hotel on 2-3 December.

On December 23, a New Year's Eve party was held at Le Meridien Hotel with the participation of all employees inside and outside of Istanbul. During this event, seniority awards were presented to employees who had completed 10, 15 and 20 years of employment in the company.

SOCIAL RESPONSIBILITY

IN 2022, IN COOPERATION WITH THE VILLAGE SCHOOLS COMMUNICATION ASSOCIATION, COMPUTERS WERE DONATED TO SUPPORT THE DISTANCE LEARNING PROCESSES FOR SCHOOLS IN NEED.

The Sompo Memorial Forest was created as a social responsibility project by donating a sapling to TEMA for each year of service employees had completed in the company, starting from 2019 - 2020 period, and this practice continues with different purposes.

With the cooperation of the Hope Foundation for Children with Cancer (KAÇUV), one room in the KAÇUV Family House was adopted by Sompo Sigorta, and one day's worth of expenses for the room in the Family House was met for each year of service employees had provided in the company, and the practice achieved its purpose in 2021. In 2022, Sompo collaborated with the Turkish Education Association (TED) and, on behalf of our employees, provided one day's worth of high-quality education for one of the children studying with a TED scholarship for each year of service provided by each of our employees in the company.

In 2022, computers were donated in cooperation with the Village Schools Communication Association to support the distance learning for schools in need.



In addition, a memory forest was established through the TEMA Foundation, in memory of our manager, Mehmet Suyolcu, who sadly passed away this year.



The Sompo Memorial Forest was created as a social responsibility project by donating a sapling to TEMA for each year of service employees had provided in the company, starting from the 2019 - 2020 period, and this practice continues with different purposes.

COMMUNICATION AND SPONSORSHIP ACTIVITIES



The 2022 PWA Youth&Junior Slalom World Cup competition, which attracted the participation of more than 100 athletes from 15 countries in the IQFoil and Finn categories, was held under the leading sponsorship of Sompo Sigorta in cooperation of Ministry of Young People and Sports, the Izmir Metropolitan Municipality, the Turkish Sailing Federation hosted by the Çağla Kubat Windsurfing Academy and the Çeşme Municipality.

Sompo Sigorta has undertaken the main sponsorship of the event held in the format of Saturday Morning Concerts, in which artists from different countries around the world will attend and exhibit performances at the Pera Palace Hotel, with its 130 year history and which has been hosting famous guests for many years.

In line with its vision of distinguishing itself in the sector by continuously increasing the service quality it offers to its customers and distribution channels, Sompo Sigorta further strengthened its communication activities in 2022, generating special content for customers and agencies, and carried out its brand and product activities by using all communication channels effectively.

In addition to training, the meetings and campaigns for agencies, various events were held and activities carried out within the scope of the "Samurai Club", a prestige and loyalty club established for agencies. In June, a launch event for the Samurai Club meeting was held for members at the Istanbul Four Seasons Hotel, attended by a total of 40 agencies from 9 regions and 10 different cities. In addition, a trip was organized to the Alsace Region of France in September, which included visits to Strasbourg and Colmar.

As a company that adopts the principle of providing services in line with the awareness of giving back to society what it has taken from society, Sompo Sigorta maintained its corporate social responsibility activities in 2022 and the company initiated with the Hope Foundation for Children with Cancer (KAÇUV) in this vein.

Sompo Sigorta continued to support the development of sports, culture and insurance awareness in our country and to take part in valuable events in these fields.

Sompo Sigorta was a sponsor of the International Insurance Fair and Congress, which was held for the first time in 2022. Sompo deems the event to be highly valuable given the current position of the insurance industry and its work in the coming years. In addition to insurance, reinsurance, life and pension companies, insurance agencies, insurance and reinsurance brokers, loss adjusters, supplier companies and insurtech companies participated in the event that brought together all national and international parties, especially the insurance sector and the public and private sectors, with the aim of developing cooperation.

Sompo Sigorta sponsored the 9th National Congress of SASDER, organized by the Health and Insurance Executives Association with the theme of "Leading the Future" this year. The congress, which brought stakeholders together for four days, provided a forum for the discussion of topics such as new dynamics and new regulations in the health and insurance sector, recent events in light of economic developments, future service delivery and financing models and their effects on the parties.

The opening of the new Head Office building in Beykoz, Istanbul, symbolizes Sompo Sigorta's journey of development, change and transformation that has continued with success for 20 years, and is also a first in Turkey. Meanwhile, "Moment", a digital work of art with interactive and constantly renewed features powered by instant blockchain data was unveiled at the opening.

DISTRIBUTION CHANNELS

AT SOMPO SİGORTA, OUR MANAGEMENT PHILOSOPHY REVOLVES AROUND SEEKING WAYS TO PROVIDE BETTER SERVICE UNDER THE PRINCIPLE OF WORKING FOR A SAFE FUTURE.

DISTRIBUTION BY CHANNEL AS OF END OF 2022

Agency	2,694
QNB Finansbank	445
Anadolubank	116
Fibabanka	43
ICBC Bank	39
Broker	101
Captive	20

PRODUCTION ON A CHANNEL BASIS

(TL Thousand)	
Sales Channel	Gross Written Premiums
Agency	8,166,497
Anadolubank	1,216
Broker	811,515
Captive	147,409
Direct	536,251
Fibabanka	22,429
Finans Leasing	86,529
QNB Finansbank	310,195
ICBC Bank	3,196
TOTAL	10,085,237



CORPORATE MANAGEMENT

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04

NAMES AND SURNAMES, TERMS OF DUTY, AREAS OF RESPONSIBILITY, EDUCATIONAL STATUS AND PROFESSIONAL EXPERIENCE OF THE CHAIRMAN AND MEMBERS OF THE BOARD, GENERAL MANAGER AND DEPUTIES AND THE MANAGERS OF THE DEPARTMENTS WITHIN THE SCOPE OF INTERNAL AUDIT SYSTEMS.

Katsuyuki Tajiri	Chairman (Date of appointment: 27 March 2019)
Education	Sophia University/English Language and Studies
Work Experience	1990 - 2006 Yasuda Fire&Marine Insurance Co. 2006 - 2013 Sompo Japan Nipponkoa Insurance Inc. - Executive Director 2013 - 2018 Sompo Holdings - Executive Director 2019 - 2022 - Sompo International Retail - Executive Director 2022 - (ongoing) - Sompo Holdings - Executive Director
Recai Dalaş	Vice Chairman/CEO (Date of appointment: 11 December 2001)
Education	İstanbul University/Business Administration İstanbul University/Accounting Audit - Post Graduate
Work Experience	1985 - 2001 AXA Oyak Sigorta 2001 - (ongoing) Sompo Sigorta - CEO
Besim Ergün	Member of the Board/Business Development Advisor (Date of appointment: 26 March 2019)
Education	Boğaziçi University/Civil Engineering
Work Experience	1991 - 2001 AXA Oyak Sigorta - Deputy General Manager 2001 - 2004 Meteksan Sistem ve Bilgisayar Teknolojileri - Deputy General Manager 2004 - 2013 Sompo Sigorta - Deputy General Manager 2013 - (ongoing) Sompo Sigorta - Business Development Advisor
Kemal Beceren	Member of the Board/Deputy General Manager (Date of appointment: 26 March 2019 and 2 April 2010)
Education	Boğaziçi University/Computer Engineering Boğaziçi University/Business Administration - Post Graduate
Work Experience	1991 - 2000 QNB Finansbank - IT Group Manager 2001 - 2007 CarrefourSA - IT Group Manager 2007 - 2010 Sompo Sigorta - Coordinator 2010 - (ongoing) Sompo Sigorta - Deputy General Manager (Information Technologies and Operations)
Fahri Uğur	Member of the Board/Deputy General Manager (Date of appointment: 25 February 2021 and 1 July 2015)
Education	Hacettepe University/Finance New York University/MBA
Work Experience	2002 - 2013 Undersecretariat of Treasury - Insurance Supervisor 2013 - 2014 Türk P&I Sigorta - Member of the Board 2013 - 2015 Halk Sigorta - Deputy General Manager (Technical) 2015 - (ongoing) Sompo Sigorta - Deputy General Manager (Financial Affairs)

Uğur Özer	Deputy General Manager (Date of appointment: 1 August 2013)
Education	Marmara University/Economics Istanbul University/Accounting and Financial Control - Post Graduate University of East Anglia/Economics - Doctorate and PhD
Work Experience	1991 - 2010 Undersecretariat of Treasury - Insurance Supervisor 2010 - 2013 Generali Sigorta - Deputy General Manager 2013 - 2021 Sompo Sigorta - Deputy General Manager (Claims) 2021 - (ongoing) Sompo Sigorta - Deputy General Manager (Corporate Lines Insurance)
Işın Mengenli	Deputy General Manager (Date of appointment: 16 February 2015)
Education	Boğaziçi University/Department of English Teaching New York University/Management and Organization
Work Experience	1995 - 1998 Yapı Kredi Bank - Human Resources Specialist 1998 - 2000 Dışbank - Human Resources Manager 2000 - 2005 Deloitte - Human Resources and Management Consultancy Manager 2005 - 2007 Deloitte - Director of Human Resources 2008 - 2010 Hay Group - Human Resources Consultancy Director 2011 - 2014 Mercer - Human Resources Consultancy Director 2015 - (ongoing) Sompo Sigorta - Deputy General Manager (Human Resources and Academy)
Ataman Kalkan	Deputy General Manager (Date of appointment: 1 June 2017)
Education	Boğaziçi University/Computer Engineering
Work Experience	1997 - 1998 Escort Yazılım - Project Manager 1999 - 2000 SFS Danışmanlık - Information Technologies Deputy Manager 2000 - 2007 Gima/CarrefourSA - Information Technologies Director 2007 - 2010 Sompo Sigorta - Technology Solutions Director 2011 - 2015 Sompo Sigorta - Personal Technical Group Manager 2016 - 2017 Sompo Sigorta - Personal Technical Director 2017 - 2021 Sompo Sigorta - Deputy General Manager (Corporate Technical and Corporate Sales) 2021 - (ongoing) Sompo Sigorta - Deputy General Manager (Personal Lines Insurance)
Mustafa Orhan	Deputy Assistant General Manager (Date of appointment: 1 February 2021)
Education	Middle East Technical University (METU) Department of Political Science/ Public Administration

NAMES AND SURNAMES, TERMS OF DUTY, AREAS OF RESPONSIBILITY, EDUCATIONAL STATUS AND PROFESSIONAL EXPERIENCE OF THE CHAIRMAN AND MEMBERS OF THE BOARD, GENERAL MANAGER AND DEPUTIES AND THE MANAGERS OF THE DEPARTMENTS WITHIN THE SCOPE OF INTERNAL AUDIT SYSTEMS.

Work Experience	1991 - 1998 Anadolu Sigorta - Inspection Board Deputy Manager 1998 - Nordstren İmtaş Sigorta 1998 - 2002 AXA Sigorta - Operation Manager 2002 - 2021 - (ongoing) Sompo Sigorta Manager, Aegean Region Sales Coordinator Agency Sales Development Coordinator Deputy Assistant General Manager (Agency Sales Management and Marketing) Regional Sales Coordinator 2021 - (ongoing) Sompo Sigorta - Deputy Assistant General Manager (Marketing)
Hasan Bayata	Deputy General Manager (Date of appointment: 1 October 2021)
Education	İstanbul University Political Science Faculty/Public Administration
Work Experience	1998 - 2000 İnterbank - Sales Manager 2001 - 2017 Ak Sigorta - Sales Manager/Regional Manager/Regional Sales Group Manager 2017 - 2021 Sompo Sigorta - Regional Sales Coordinator 2021 - 2021 (October) Sompo Sigorta - Deputy Assistant General Manager (Sales) 2021 (October) - (ongoing) Sompo Sigorta - Deputy General Manager (Sales)
Ayhan Arslan	Deputy General Manager (Date of appointment: 1 October 2021)
Education	Uludağ University Faculty of Economics and Administrative Sciences/ Business Administration
Work Experience	1999 - 2009 Allianz Sigorta - Claims Manager 2009 - 2010 Mapfre Sigorta - Vehicle Claims Project Manager 2010 - 2013 Ergo Sigorta - Claims Logistics Manager 2013 - 2016 AXA Sigorta - Deputy Claims Directors 2019 - 2021 Sompo Sigorta - Claims Coordinator 2021 (February) - 2021 (October) Sompo Sigorta - Deputy Assistant General Manager (Claims) 2021 (October) - (ongoing) Sompo Sigorta - Deputy General Manager (Claims)
Bilgin Okyay	Internal Audit Manager
Education	Ankara University Faculty of Political Sciences/Economics Galatasaray University/Financial Economics Post Graduate
Work Experience	2001 - 2006 Vakıf Emeklilik ve Hayat - Assistant Internal Auditor Internal Auditor 2006 - 2009 Garanti BBVA Emeklilik ve Hayat - Audit Board - Auditor 2009 - 2013 Liberty Sigorta - Senior Auditor Internal Control (SoX) and Risk Manager 2013 - 2015 ACE (Chubb) Insurance Group - Internal Audit Manager 2015 - 2021 Garanti BBVA GarantiBBVA Emeklilik ve Hayat A.Ş./Audit Board - 1 st Degree Auditor (2 years) GarantiBBVA Portföy Yönetimi A.Ş./Internal Audit Manager (2 years) GarantiBBVA Audit Board/Agile Coach (2 years) 2021 - (ongoing) Sompo Sigorta - Internal Audit Manager

Bilge Şahin	Actuarial Manager
Education	Middle East Technical University/Statistics Middle East Technical University/Economics Minor
Work Experience	2012 - 2018 Insurance and Private Pension Regulation and Supervision Agency - Insurance Supervision Actuary Assistant 2018 - 2020 Insurance and Private Pension Regulation and Supervision Agency - Insurance Supervision Actuary 2020 - 2021 Ministry of Treasury and Finance, General Directorate of Foreign Economic Relations - Treasury and Finance Specialist 2021 - (ongoing) Sompo Sigorta - Actuarial Manager
Olgu Gümüş	Risk Coordinator
Education	Istanbul Technical University/Management Engineering
Work Experience	2007 - 2009 Ernst&Young - Technology and Information Security Risk Services Auditor/Consultant 2009 - 2011 Ergo Sigorta - Senior Internal Auditor 2011 - 2020 Generali Sigorta Internal Control, Risk&Compliance Manager (6 years) Business Development Manager (2 year) Compliance Manager (Generali Global Health Services - Toronto/Canada) (1 year) 2020 - 2022 Sompo Sigorta Internal Control, Risk&Compliance Manager 2022 - (ongoing) Sompo Sigorta Risk Coordinator
Deniz Çelik	Internal Control and Compliance Lead Manager
Education	Doğuş University/International Relations Marmara University/International Relations and European Union - Post Graduate
Work Experience	2007 - 2008 Accounting and Finance Academy Association - Congress Secretary 2008 - 2012 Dubai Group Sigorta - Compliance, Internal Control and Risk Management Specialist 2013 - 2018 Sompo Sigorta - Management Assistant 2018 - 2021 Sompo Sigorta - Senior Legal and Compliance Manager 2021 - (ongoing) Internal Control and Compliance Lead Manager

INFORMATION ON MEMBERS OF THE BOARD

INFORMATION CONCERNING TRANSACTIONS CARRIED OUT BY MEMBERS OF THE BOARD OF DIRECTORS WITH THE COMPANY OR ON BEHALF OF OTHERS, AND THEIR ACTIVITIES UNDER THE PROHIBITION OF COMPETITION WITHIN THE FRAMEWORK OF THE PERMISSION GIVEN BY THE GENERAL ASSEMBLY OF THE COMPANY AS OF THE YEAR-END OF 2022.

None.

EXPLANATIONS ON ADMINISTRATIVE AND JUDICIAL SANCTIONS IMPOSED AGAINST THE COMPANY AND MEMBERS OF THE BOARD DUE TO ANY ACTIONS AGAINST THE LEGISLATIVE PROVISIONS AS OF THE END OF 2022

As a result of the Data Processing Audit carried out for our company by SEDDK, due to the fact that no offers were submitted through the Insurance Information and Monitoring Center (SBM) screens for the 538 requests we received regarding motor third party liability (MTPL) insurance, it was determined that there had been a violation of the third paragraph of the 6th article of the Circular No. 2017/17 on the Implementation Procedures and Principles of the Insurance Information and Monitoring Center, and our company was handed an administrative fine of TL 1,000.00 for each such incidence, with a resulting total fine of TL 538,000.00, based on decision 309 of the Insurance and Private Pension Regulation and Supervision Agency dated 5 December 2022. The company took the decision to apply the penalty as TL 1,871,702 as a result of the valuation with a revaluation rate based on the seventh paragraph of Article 17 of the Misdemeanor Law No. 5326. Our right to appeal against this administrative fine imposed against our company was exercised and a total of TL 1,403,776.50 was paid to the Ministry of the Treasury and Finance on 15 December 2022, taking advantage of the advance payment discount set out in the Misdemeanor Law No. 5236.

There are no significant penalties other than those mentioned above.

FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD AND THE SENIOR EXECUTIVES AS OF THE END OF 2022

Financial rights provided to members of the board and senior executives are set out in footnote 1.6 entitled "Remuneration and similar benefits provided to the senior management" in the audit report which is included in the 2022 annual report.

INFORMATION ON THE ATTENDANCE OF MEMBERS OF THE BOARD OF DIRECTORS TO THE RELEVANT MEETINGS HELD DURING THE ACCOUNTING PERIOD AS OF THE END OF 2022

During the accounting period, 21 Board meetings were held with the participation of the Chairman and members of the Board of Directors.

INFORMATION ON THE GENERAL ASSEMBLY

INFORMATION ON ANY EXTRAORDINARY GENERAL MEETINGS HELD DURING THE YEAR, INCLUDING THE DATE OF THE MEETING, DECISIONS TAKEN AT THE MEETING AND THE TRANSACTIONS REGARDING THE DECISIONS

No Extraordinary General Meetings were held in 2022.

FULFILLMENT OF GENERAL ASSEMBLY DECISIONS

All decisions taken at the Annual General Meeting held on Wednesday, 30 March 2022 were fulfilled.

SUMMARY REPORT OF THE BOARD OF DIRECTORS SUBMITTED TO THE GENERAL ASSEMBLY

Our company realized premium production of TL 10,085 million in 2022.

As a result of this year's activities, our Company achieved a pre-tax profit of TL 402 million.

Our shareholders' equity reached TL 2,423 million together with TL 190 million in paid-in capital, with our liquid assets reaching TL 2,014 million with our asset volume reaching TL 11,922 million.

With these results, our Company generated a Return on Equity of 21% in 2022.

Fahri Uğur

Vice Chairman and CEO



FINANCIAL SITUATION AND RISK MANAGEMENT

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INFORMATION ON THE TRANSACTIONS CARRIED OUT BY THE COMPANY WITH COMPANY’S RISK GROUP

The Company’s reinsurance transactions are carried out on an in-house basis, independently of Sompo International Holdings Ltd., under the terms and application principles applicable to third parties.

We carry out cooperation with the recognized reinsurance companies which have been serving in the Turkish insurance market for many years, and which have been rated as acceptable by the various rating agencies.

Information on the transactions that the company carried out with company’s risk group is provided in footnote 45 “transactions with related parties” in the audit report which is included in the 2022 annual report.

INFORMATION ON INTERNAL AUDIT ACTIVITIES

Internal audit activities in our Company are carried out by the Internal Audit Department and under the Board of Directors, taking into account the international auditing standards and within the legal framework as specified in the relevant regulation.

An annual audit plan and program are prepared and submitted to the Board of Directors for approval and audits are carried out in line with this program.

In 2022, the risk assessment study was carried out, and the audit of the departments and processes were divided and has been concentrated in high-risk areas. In this framework, risk-based audit activities were carried out in 4 departments of the Head Office and five processes. The findings in the reports issued after the audit were continuously monitored with the system established. In addition to the existing audits, one IT audit was outsourced to the PWC company under the management of the IT audit team within SIH, and the actions of the findings revealed as a result of the audit were followed by the internal audit department.

Two of the five process audits conducted in 2022 (Prevention of Money Laundering, Corporate Reporting Package) were carried out in line with the working framework prepared based on the joint decisions of the internal audit teams of the countries within the SIH.

The JSOX activities, which got underway in 2019, continued in 2022 with information and documents obtained from the relevant departments and regular meetings held with the SIH. JSOX activities are carried out through a common system which is also used by the holding.

Suggestions related to the findings found during the audit activities and requests were submitted to the related departments for necessary actions for solutions. Our finding follow-up reports are updated every 3 months following the improvements on this subject. Consultancy services are provided to the senior management and company departments upon request.

The Internal Audit Department uses compliance audit, operational audit, system valuation and related control techniques to carry out internal audit activities to achieve the following objectives.

Protection of company assets

- Ensuring that the company's activities are carried out in accordance with the laws, insurance legislation, the company's policies, procedures and instructions,
- Accurate and reliable financial statements in accordance with the generally accepted accounting principles of the accounting system,
- Effective and efficient use of company resources

The Internal Audit Department works to provide maximum benefit from the current IT system. Audit activities are supported by automation systems which are designed to ensure that operations such as job acceptance, pricing and payments are carried out in accordance with the company's policies within the framework of the authorizations and rules set out in the procedures of the company.

During the audit activities carried out in 2022, no significant issues were identified which could have a negative impact on the company's financial structure.

INFORMATION ON FINANCIAL STATEMENTS AND FINANCIAL STRUCTURE, AND ASSESSMENT ON FINANCIAL STATUS, PROFITABILITY AND INDEMNITY SOLVENCY

Capital Adequacy Ratios

	2022	2021
Gross Written Premiums/Shareholders' Equity	4.16	1.67
Shareholders' Equity/Total Assets (%)	20.3	28.2
Shareholders' Equity/Technical Reserves (%)	31.1	57.6

Assets Quality and Liquidity Ratios

	2022	2021
Liquid Assets/Total Assets (%)	17.7	18.5
Liquidity Ratio	5.4	5.1
Current Ratio	1.2	1.3
Premium and Reinsurance Receivables/Total Assets	16.7	14.2
Agency Receivables/Shareholders' Equity (%)	29.7	22.0

Operating Ratios (%)

	2022	2021
Claim Premium Ratio (net)	100.9	85.0
Expense Ratio	31.1	29.1
Combined Ratio	132.0	114.1
Profit Before Tax/Gross Written Premiums	4.0	16.8
Technical Balance/Gross Written Premiums	3.5	5.6
Return on Equity	20.5	16.0

Profitability Ratios (%)

	2022	2021
Conservation Ratio	63.4	53.8
Claims Payment Ratio, Net - New Calculation*	40.3	36.7

*Claims Paid, Net/(Claims Paid, Net + Term End Outstanding Claims Reserve, Net)

DETERMINATION OF WHETHER THE COMPANY'S CAPITAL IS UNREQUITED OR INDEBTED AND ASSESSMENTS OF THE MANAGEMENT BODY

TL Thousand	2022	2021
Required Equity Amount for the Company	1,789,956	1,075,612
Company Equity Amount	2,509,800	2,120,239
Capital Adequacy Result	719,844	1,044,628

ACHIEVEMENT OF GOALS SET IN PREVIOUS PERIODS

An analysis of our company's financial situation and operating results indicates that 2022 was a year in which we maintained our profitability and achieved our targets as we grew.

WHERE GOALS HAVE NOT BEEN ACHIEVED AND THE DECISIONS NOT FULFILLED, INFORMATION REGARDING REASONS AND THE ASSESSMENTS

Premium production and net profit were realized at levels above the budget.

INFORMATION ON RISK MANAGEMENT POLICIES IMPLEMENTED BY RISK TYPE

In order to monitor and control the risks it is exposed to, the Company has established an adequate and effective internal systems structure within the framework of the procedures and principles stipulated in the Regulation on Internal Systems in the Insurance and Private Pension Sectors. The Company has put its Governance and Internal Systems Policy in place, which includes the responsibilities regarding the internal systems and the regulations on how the internal systems are structured within the organization. Within the scope of Article 4 of the Regulation on Internal Systems in Insurance and Private Pension Sectors, entitled "Establishment of Internal Systems", the internal control and risk management departments were separated in accordance with the decision taken by the Board of Directors in August 2022. Accordingly, Internal Control and Compliance activities are managed by the Internal Control and Compliance Department, Risk Management activities are managed by the Risk Management Department and Internal Audit activities are managed by the Internal Audit Department. The 2022 annual activity plans regarding Internal Control and Compliance and Risk Management activities were approved by the Board of Directors. Internal Systems departments report their activities to the Board of Directors on a quarterly basis through the Internal Systems Committee, with their activities carried out in accordance with the annual activity plans approved by the Board of Directors. The Internal Systems Committee is a committee established to assist the Board of Directors in effectively fulfilling its obligations regarding internal system activities.

The Company has established an Internal Audit System in order to protect its assets, provide reasonable assurance regarding the control environment and to ensure that activities are carried out effectively and efficiently in accordance with the legislation, internal policies and insurance practices. The Internal Audit System Policy, which includes the duties and responsibilities related to this system, was brought into effect.

The Internal Audit activity aims to provide reasonable assurance regarding the adequacy and effectiveness of the checks in place. Internal audit activity is primarily performed by the business departments themselves. An Internal Audit Function is available within the company to support the departments in the implementation of processes or controls used by the business departments, to evaluate the adequacy, effectiveness and compliance of these processes and the controls together with these departments, and to carry out the internal audit activities as defined in the Regulation on Internal Systems in the Insurance and Private Pension Sectors.

Internal audit activities are carried out in three different stages within the company:

- First-level audits are performed by the business departments within the scope of their own operational processes
- Risk and Control Self-Assessment: By using risk control matrices, with the support of Internal Audit function, business departments carry out self-assessment of their competence and effectiveness by defining their own risks and controls
- Internal Audit Tests: Testing the adequacy and effectiveness of processes or controls that reduce risks by the Internal Control function

The Company presents the findings and corrective actions identified in the internal control test activities carried out in 2022 to the Board of Directors on a quarterly basis through the Internal Systems Committee.

The Company also adopted the Compliance Management System Policy and determined the standards regarding the compliance activities carried out within the organization and the management of compliance risks. As part of the determined Compliance Management System, the processes of defining, evaluating, managing and reporting compliance risks are defined. In order to continuously monitor compliance risks within the scope of the reporting process, Key Compliance Risk

Indicators are defined and reported to the Board of Directors on a quarterly basis through the Internal Systems Committee. The Outsourcing Service Policy has been put in place in order to manage risks related to service procurement.

The company has established a suitable communication channel so personnel may confidentially report problems they encounter and any issues related to customary practices which they deem suspicious to the relevant departments, management levels, internal audit and compliance department and the internal audit department. In this context, the Code of Conduct and Ethics Policy has been updated, and the Policy for Reporting Concerns and Preventing Retaliation was established.

The company has reviewed and documented the authorization and approval limits for personnel. In addition, a system has been implemented in which the authorizations are periodically examined and necessary measures are taken to ensure that they do not pose a potential risk to the company.

The company also carried out an internal audit activity by analyzing the legal requirements on Business Continuity Management and defined corrective actions regarding the findings. It has also carried out business impact analysis studies within the scope of business continuity management.

The Company has established a compliance program in line with the relevant legislation to tackle money laundering, the financing of terrorism and in the context of combating the proliferation of weapons of mass destruction. The Company performs risk management, monitoring and control and training activities within the scope of this compliance program through the Compliance Department. In 2022, improvements were made primarily in the scope and checks of high-risk customers, and in addition to general training, boutique training sessions were provided to more than 200 employees in line with the characteristics and needs of the groups to undergo training.

The Company has determined risk management policies in order to monitor the continuity of its activities and the risk and return structure of future cash flows, and accordingly to monitor the quality and level of activities, to keep them under control and to revise them where necessary. Through these policies, a risk management system was established to identify, measure, monitor and control the risks which it is exposed to.

Within the scope of risk management activities, a risk management system has been implemented in which operational and compliance risks are defined and measured and where mitigation activities are defined, monitored and reported periodically. In this context, the Company has put its Operational Risk Management Policy into effect. Within the scope of the Operational Risk Management methodology, the Internal Loss Data Reporting procedure was implemented in order to identify and report actual or potential operational losses.

In addition to these measures, certain processes have been implemented in order to ensure that the quantifiable risks remain within determined limits and to monitor the use of these limits. The Company has determined the Risk Appetite Framework for 2022 and documented the risk tolerance levels it can take on, the risk limits which it will observe, the risk indicators to be followed and the actions to be taken when the limits are exceeded. These are then presented to the Board of Directors for approval. The Board of Directors are informed of any incidences of excess or not according to the determined risk appetite framework and risk limits.

As part of risk management activities, some studies of the company business plan were also carried out in order to measure potential risks and vulnerabilities which may arise from company-specific situations or financial markets, and to conduct a future assessment of the risk profile. Finally, as in every year, the main risks which may jeopardize the fulfilment of the company's strategic goals were reported to the Board of Directors by both evaluating and defining mitigation actions in 2022.

SUMMARY FINANCIAL INFORMATION FOR THE 5 YEAR PERIOD INCLUDING THE REPORTING PERIOD

(TL Thousand)	2018	2019	2020	2021	2022
Gross Written Premiums	2,509,171	3,363,088	3,332,713	3,455,290	10,085,237
Technical Balance	187,564	410,277	417,017	193,943	353,456
Profit Before Tax	381,639	596,755	516,955	578,963	401,714
Tax	-93,862	-126,212	-134,363	-255,414	58,443
Net Profit	287,778	470,543	382,592	323,549	460,157
Paid-in capital	190,000	190,000	190,000	190,000	190,000
Shareholders' Equity	1,135,823	1,617,305	1,968,442	2,064,293	2,422,864
Total Assets	3,917,046	5,178,935	5,999,685	7,329,146	11,921,619

INFORMATION ON DIVIDEND DISTRIBUTION POLICY AND, IF THE PROFIT IS NOT DISTRIBUTED, REASONS THEREOF AND THE PROPOSED USE OF UNDISTRIBUTED PROFIT

In line with the company goals and the company group strategy, Sompo Sigorta distributes its profit in accordance with the Turkish Commercial Code, tax laws and insurance legislation.

During the profit distribution process, the balance between the interests of shareholders and the interests of the company is maintained and the adequacy of the resources for the distribution, profitability, cash status, capital requirement and financing policies are taken into account in reaching the profit distribution decisions.

Dividend distribution is decided upon the proposal of the Board of Directors at the discretion of the General Assembly. The annual profit of the Company is determined according to the annual balance sheet. The General Assembly is authorized to decide on the transfer of some or all of the annual net profit to the following year, or to direct some or all of the annual net profit to extraordinary reserves. It is also authorized to decide on whether the dividend will be distributed in cash or be added to the capital and distributed within the legal periods stipulated in the relevant legislation. The General Assembly reserves the right to hold the remaining Company earnings after carrying out the necessary allocations in accordance with the law and the Articles of Association, and is independent of the proposal of the Board of Directors.

Dividend distribution is carried out on the basis of the net profit for the period recorded in the independently audited financial statements prepared in accordance with the current legislation. The amount is determined after the legal and optional reserves have been deducted from the net profit for the period as well as any other retentions required by the provisions of the law and articles of association.

The distribution of dividends, retention of earnings or decisions regarding optional reserves are not permitted without retaining mandatory legal reserves.

The profit accrued during the profit distribution process may be paid at once or in several instalments. Dividend distribution methods are again decided by the General Assembly upon the proposal of the Board of Directors.

Dividend distribution issues are presented to shareholders at the General Meeting and disclosed to the public in the annual report within the framework of Information Disclosure Policy.

At the Company's Annual General Meeting held on 30 March 2022, the decision was taken to distribute TL 51,904,017 of the net profit of TL 323,548,748 for the period, generated as a result of the Company's 2021 activities, with TL 3,854,911 to be set aside as second order legal reserves. Accordingly, TL 48,049,106 was to be distributed as a gross dividend, with TL 10,852,868 to be allocated as second-order legal reserves from outstanding reserves, and TL 108,528,681 to be distributed as a gross dividend pursuant to article 519 of the Turkish Commercial Code. A cash dividend of TL 156,577,787 was paid to shareholders in 2022.

IMPORTANT LEGISLATIVE CHANGES IN 2022

CIRCULAR ON IMPLEMENTATION OF THE REGULATION ON INFORMATION IN INSURANCE CONTRACTS

With the relevant Circular published on 29 April 2022, the Insurance Contract Information Text template was published.

CIRCULAR ON THE IMPLEMENTATION OF SOME ARTICLES OF THE REGULATION ON INTERNAL SYSTEMS IN THE INSURANCE AND PRIVATE PENSION SECTORS

To clarify some of the articles in the Regulation on Internal Systems in the Insurance and Private Pension Sectors, in the Circular published on 30 May 2022, the regulations regarding the internal systems departments and managers were clarified, and regulations regarding members of the Audit Committee were detailed and the format and content of the report to be issued by the Board of Directors within the scope of Article 54 of the Regulation was disclosed.

REGULATION ON COLLECTION, STORAGE AND SHARING OF INSURANCE DATA

The “Regulation on the Collection, Storage and Sharing of Insurance Data” by the Insurance and Private Pensions Regulation and Supervision Agency, which directly affects the data processing activities of companies and data transfer activities to the SBM and includes important regulations, entered force on 18 October 2022.

OTHER MATTERS

INFORMATION ON INVESTMENTS UNDERTAKEN BY THE COMPANY IN THE RELEVANT ACCOUNTING PERIOD

Major IT investments consist of improvements which ensure business continuity, increase system security and operational efficiency, and license investments.

One of the investments undertaken in 2022 was the “Moment” digital artwork, specially designed for the opening of the new Head Office building.

INFORMATION ON THE COMPANY’S DIRECT OR INDIRECT SUBSIDIARIES AND SHARE RATIOS

	31 December 2022		31 December 2021	
	Registered Value	Share Ratio %	Registered Value	Share Ratio %
Tarım Sig. Havuz İşlt. A.Ş.	1,221,495	4.17	875,420	4.34
Subsidiaries, Net	1,221,495		875,420	

INFORMATION ON ANY LAWSUITS FILED AGAINST THE COMPANY THAT MAY AFFECT THE COMPANY’S FINANCIAL POSITION AND OPERATIONS AND THEIR POTENTIAL CONSEQUENCES

Information regarding the lawsuits that may affect the financial situation and activities of the Company is disclosed in footnote no. “42” in the audit report included in the 2022 annual report.

AFFILIATION REPORT

In all transactions made by the Company with the controlling partner and its subsidiaries in 2022, according to the circumstances and conditions known to us at the time that the transaction was made or the measure was taken or avoided, in each transaction a suitable counter-performance was provided and the Company was liable for damages. It was concluded that there no such measures were avoided and that there was no action or measure that would require offsetting within this framework.

Sompo Sigorta Shareholders	Holding
Sompo International Holdings Ltd.	Sompo International Holdings Ltd. 100%

DECEMBER 31, 2022 FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITORS' REPORT THEREON

(Convenience Translation of Financial Statements and Related Disclosures and
Footnotes Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

(Convenience translation of a report and financial statements originally issued in Turkish)

To the Shareholders of Sompo Sigorta Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Sompo Sigorta Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of profit distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance, its cash flows and its profit distribution for the year then ended in accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards for the matters not regulated by insurance legislation; "Insurance Accounting and Financial Reporting Legislation".

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Incurred but not reported outstanding claims reserve</p> <p>As of December 31, 2022, the Company has insurance liabilities of TL 7.791.949.150 representing 65% of the Company's total liabilities. The Company made net provision of TL 3.533.330.618 for the future outstanding claims for insurance contracts. In the calculation of Incurred But Not Reported (IBNR) claims provisions (net amount of TL 3.388.781.773) which is accounted under the outstanding claims reserves, the Company Management has used the actuarial assumptions and estimates detailed in note 2 and 17.</p> <p>The significance of the provision amount allocated for compensations for incurred but not reported losses within Company's financial tables and also the calculations of such provisions include significant actuarial judgements and forecast, IBNR calculations has been considered as a key audit matter.</p>	<p>We have performed the audit procedures related the actuarial assumptions which disclosed in the Note 2 and 17 together with the actuary auditor who is part of our audit team. These procedures are primarily intended to assess whether the estimates and methods that used in the calculation of the outstanding claims reserve by the Company are appropriate. In this context, we have performed the audit procedures related to the recording the Company's incurred outstanding claims; performed the analytical review the incurred case files which selected randomly; obtained the signed lawyer letter from the Company's attorney for litigated case files; assessed the average claim amount and opening claim amounts determined by the Company's actuary; have performed the audit procedures related to the completeness of the data used in the correct calculation of insurance contract liabilities; assessed the properness of the IBNR calculation method used by the Company for each line of businesses both the relevant claim characteristics and the Company's claim history; performed the recalculation procedure on the amount of IBNR calculated by the Company; reviewed the claim analyzes made by the Company's actuary and questioned these analyzes in terms of suitability and consistency of both legislation and Company past experience; assessed whether the disclosures in the notes of the financial statements are sufficient.</p>

INDEPENDENT AUDITOR'S REPORT

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Insurance Accounting and Financial Reporting Legislation and designing, implementing and maintaining internal systems relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

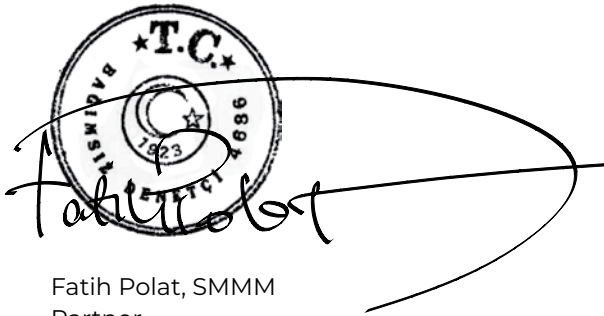
B) Report on Other Legal and Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited



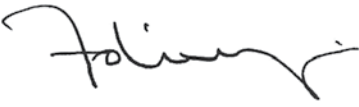
Fatih Polat, SMMM
Partner

March 15, 2023
İstanbul, Türkiye

CONVENIENCE TRANSLATION OF THE COMPANY'S REPRESENTATION ON THE FINANCIAL STATEMENT PREPARED AS AT 31 DECEMBER 2022

We confirm that the financial statements and related disclosures and footnotes which were prepared as of 31 December 2022 in accordance with the accounting principles and standards in force as per the regulations of Prime Ministry Undersecretariat of Treasury are in compliance with the "Code Related to the Financial Reporting of Insurance, Reinsurance and Individual Pension Companies" and the financial records of our Company.

Istanbul, 15 March 2023



Fahri Uğur
Member of Board of Directors,
Chief Executive Officer



Günay Özkömürçü
Finance and Administrative
Affairs Coordinator



Bilge Şahin Ay
Actuary (Registry No. 199)

SOMPO SİGORTA A.Ş.

Rüzgarlıbahçe Mah. Çam Pınarı Sokak, No:10 Beykoz/İstanbul/TÜRKİYE

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BALANCE SHEET AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

ASSETS			
	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
I- Current Assets			
A- Cash and Cash Equivalents			
1- Cash		-	-
2- Cheques Received		-	-
3- Banks	2.12,14	629.797.591	766.891.362
4- Cheques Given and Payment Orders		-	-
5- Bank Guaranteed Credit Card Receivables With Maturity Less Than Three Months	2.12,14	1.383.921.577	590.403.035
6- Other Cash and Cash Equivalents		-	-
B- Financial Assets and Financial Investments with Risks on Policyholders		6.242.823.910	4.180.013.668
1- Available-for-Sale Financial Assets	11	3.238.843.782	1.225.319.259
2- Held to Maturity Investments	11	-	2.954.694.409
3- Financial Assets Held for Trading	11	3.003.980.128	-
4- Loans and Receivables		-	-
5- Provision for Loans and Receivables		-	-
6- Financial Investments with Risks on Life Insurance Policyholders		-	-
7- Company's Own Equity Shares		-	-
8- Diminution in Value of Financial Investments		-	-
C- Receivables from Main Operations		1.994.811.069	1.042.614.318
1- Receivables from Insurance Operations	12	2.040.369.063	1.058.031.020
2- Provision for Receivables from Insurance Operations	4.2,12	(46.550.767)	(16.609.476)
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited to Insurance & Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Private Pension Operations		-	-
9- Doubtful Receivables from Main Operations	12	274.035.666	226.933.711
10- Provision for Doubtful Receivables from Main Operations	4.2,12	(273.042.893)	(225.740.937)
D- Due from Related Parties		3.179.791	2.534.704
1- Due from Shareholders	12,45	3.179.791	2.534.704
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
E- Other Receivables		139.678.983	19.189.904
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given	4.2,12	153.925	293.133
4- Other Miscellaneous Receivables	4.2,12	139.525.058	18.896.771
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
F- Prepaid Expenses and Income Accruals		990.446.387	300.154.153
1- Deferred Acquisition Costs	17	929.783.885	276.070.411
2- Accrued Interest and Rent Income		-	-
3- Income Accruals	13	6.040.183	-
4- Other Prepaid Expenses	17	54.622.319	24.083.742
G- Other Current Assets		10.732.209	3.283.647
1- Stocks to be Used in the Following Months		164.790	19.543
2- Prepaid Taxes and Funds	19	6.783.697	-
3- Deferred Tax Assets		-	-
4- Job Advances	12	621.062	1.139.570
5- Advances Given to Personnel	12	491.854	175.925
6- Inventory Count Differences		-	-
7- Other Miscellaneous Current Assets		2.670.806	1.948.609
8- Provision for Other Current Assets		-	-
I- Total Current Assets		11.395.391.517	6.905.084.791

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

ASSETS			
II- Non-Current Assets	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Receivables from Main Operations			
1- Receivables from Insurance Operations		-	-
2- Provision for Receivables from Insurance Operations		-	-
3- Receivables from Reinsurance Operations		-	-
4- Provision for Receivables from Reinsurance Operations		-	-
5- Cash Deposited for Insurance and Reinsurance Companies		-	-
6- Loans to the Policyholders		-	-
7- Provision for Loans to the Policyholders		-	-
8- Receivables from Individual Pension Business		-	-
9- Doubtful Receivables from Main Operations		-	-
10- Provision for Doubtful Receivables from Main Operations		-	-
B- Due from Related Parties			
1- Due from Shareholders		-	-
2- Due from Associates		-	-
3- Due from Subsidiaries		-	-
4- Due from Joint Ventures		-	-
5- Due from Personnel		-	-
6- Due from Other Related Parties		-	-
7- Rediscount on Receivables from Related Parties		-	-
8- Doubtful Receivables from Related Parties		-	-
9- Provision for Doubtful Receivables from Related Parties		-	-
C- Other Receivables			
1- Finance Lease Receivables		-	-
2- Unearned Finance Lease Interest Income		-	-
3- Deposits and Guarantees Given		-	-
4- Other Miscellaneous Receivables		-	-
5- Rediscount on Other Miscellaneous Receivables		-	-
6- Other Doubtful Receivables		-	-
7- Provision for Other Doubtful Receivables		-	-
D- Financial Assets	9	1.221.495	875.420
1- Investments in Equity Shares		-	-
2- Investments in Associates	9	1.221.495	875.420
3- Capital Commitments to Associates		-	-
4- Investments in Subsidiaries		-	-
5- Capital Commitments to Subsidiaries		-	-
6- Investments in Joint Ventures		-	-
7- Capital Commitments to Joint Ventures		-	-
8- Financial Assets and Financial Investments with Risks on Policyholders		-	-
9- Other Financial Assets		-	-
10- Impairment in Value of Financial Assets		-	-
E- Tangible Assets	6	232.422.442	225.141.217
1- Investment Properties	6,7	2.884.718	3.012.818
2- Impairment for Investment Properties		-	-
3- Owner Occupied Property	6	191.734.282	190.667.445
4- Machinery and Equipments		-	-
5- Furniture and Fixtures	6	63.677.659	47.259.277
6- Motor Vehicles	6	3.848.638	888.638
7- Other Tangible Assets (Including Leasehold Improvements)	6	3.972.582	3.872.777
8- Tangible Assets Acquired Through Finance Leases	6	16.762.031	13.381.704
9- Accumulated Depreciation	6	(50.457.469)	(33.941.442)
10- Advances Paid for Tangible Assets (Including Construction in Progress)	6	1	-
F- Intangible Assets	8	19.666.348	12.406.159
1- Rights		-	-
2- Goodwill		-	-
3- Pre-operating Expenses		-	-
4- Research and Development Costs		-	-
5- Other Intangible Assets	8	79.186.140	48.246.425
6- Accumulated Amortization	8	(59.519.792)	(35.840.266)
7- Advances Paid for Intangible Assets		-	-
G- Prepaid Expenses and Income Accruals		3.241.064	-
1- Deferred Acquisition Costs		-	-
2- Income Accruals		-	-
3- Other Prepaid Expenses	17	3.241.064	-
H- Other Non-Current Assets		269.676.509	185.638.691
1- Effective Foreign Currency Accounts		-	-
2- Foreign Currency Accounts		-	-
3- Stocks to be Used in the Following Years		-	-
4- Prepaid Taxes and Funds		-	-
5- Deferred Tax Assets	21	269.676.509	185.638.691
6- Other Miscellaneous Non-Current Assets		-	-
7- Amortization on Other Non-Current Assets		-	-
8- Provision for Other Non-Current Assets		-	-
II- Total Non-Current Assets		526.227.858	424.061.487
Total Asset		11.921.619.375	7.329.146.278

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

LIABILITIES			
	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
III- Short-Term Liabilities			
A- Financial Liabilities			
13,20			
5.767.100			
822.307.310			
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	6.999.725	5.893.794
3- Deferred Leasing Costs	20	(1.232.625)	(1.453.991)
4- Current Portion of Long-Term Debts		-	-
5- Principal Installments and Interests on Bonds Issued		-	-
6- Other Financial Assets Issued		-	-
7- Valuation Differences of Other Financial Assets Issued		-	-
8- Other Financial Liabilities	13,20	-	817.867.507
B- Payables Arising from Main Operations			
19			
887.089.794			
418.329.497			
1- Payables Arising from Insurance Operations	19	832.407.056	382.694.728
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations	19	54.682.738	35.634.769
6- Discount on Payables from Other Operations		-	-
C-Due to Related Parties			
19			
242.063			
85.295			
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel	19	242.063	85.295
6- Due to Other Related Parties		-	-
D- Other Payables			
19			
178.887.457			
64.348.225			
1- Deposits and Guarantees Received	19	28.902.393	19.184.316
2- Payables to Social Security Institution Related to Treatment Expenses	19	117.477.333	28.193.913
3- Other Miscellaneous Payables	19,23	32.523.415	17.456.655
4- Discount on Other Miscellaneous Payables	19	(15.684)	(486.659)
E-Insurance Technical Provisions			
17			
7.705.013.698			
3.525.381.032			
1- Reserve for Unearned Premiums - Net	2,24,17	4.164.982.898	1.036.536.723
2- Reserve for Unexpired Risks- Net	2,27,17	1.111.299	41.394.615
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net	2,25,17	3.533.330.618	2.445.375.713
5- Provision for Bonus and Discounts - Net	17	5.588.883	2.073.981
6- Other Technical Provisions - Net		-	-
F- Provisions for Taxes and Other Similar Obligations			
19			
134.182.423			
155.657.197			
1- Taxes and Funds Payable		122.624.178	28.129.871
2- Social Security Premiums Payable		11.558.245	2.428.178
3- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
4- Other Taxes and Similar Payables		-	-
5- Provisions for Corporate Tax and Other Legal Liabilities Regarding Current Year Income	19,35	-	255.413.930
6- Prepaid Taxes and Other Liabilities Regarding Current Year Income	19	-	(130.314.782)
7- Provisions for Other Taxes and Similar Liabilities		-	-
G- Provisions for Other Risks			
23			
67.812.011			
33.953.055			
1- Provision for Employee Termination Benefits		-	-
2- Provision for Pension Fund Deficits		-	-
3- Provisions for Costs	23	67.812.011	33.953.055
H- Deferred Income and Expense Accruals			
19			
407.995.946			
175.961.809			
1- Deferred Commission Income	10	404.471.134	174.305.748
2- Expense Accruals		-	-
3- Other Deferred Income	19	3.524.812	1.656.061
I- Other Short-Term Liabilities			
35.113			
159.521			
1- Deferred Tax Liabilities		-	-
2- Inventory Count Differences		-	-
3- Other Various Short-Term Liabilities		35.113	159.521
III - Total Short-Term Liabilities		9.387.025.605	5.196.182.941

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

LIABILITIES			
IV- Long-Term Liabilities	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Financial Liabilities	20	3.478.879	5.218.163
1- Borrowings from Financial Institutions		-	-
2- Finance Lease Payables	20	4.052.922	6.007.709
3- Deferred Leasing Costs	20	(574.043)	(789.546)
4- Bonds Issued		-	-
5- Other Financial Assets Issued		-	-
6- Valuation Differences of Other Financial Assets Issued		-	-
7- Other Financial Liabilities		-	-
B- Payables Arising from Operating Activities		-	-
1- Payables Arising from Insurance Operations		-	-
2- Payables Arising from Reinsurance Operations		-	-
3- Cash Deposited by Insurance and Reinsurance Companies		-	-
4- Payables Arising from Pension Operations		-	-
5- Payables Arising from Other Operations		-	-
6- Discount on Payables from Other Operations		-	-
C- Due to Related Parties		-	-
1- Due to Shareholders		-	-
2- Due to Associates		-	-
3- Due to Subsidiaries		-	-
4- Due to Joint Ventures		-	-
5- Due to Personnel		-	-
6- Due to Other Related Parties		-	-
D- Other Payables		-	-
1- Deposits and Guarantees Received		-	-
2- Other Miscellaneous Payables		-	-
3- Discount on Other Miscellaneous Payables		-	-
4- Payables to Social Security Institution		-	-
E-Insurance Technical Provisions	17	86.935.452	55.946.270
1- Reserve for Unearned Premiums - Net		-	-
2- Reserve for Unexpired Risks - Net		-	-
3- Life Mathematical Provisions - Net		-	-
4- Provision for Outstanding Claims - Net		-	-
5- Provision for Bonus and Discounts - Net		-	-
6- Other Technical Provisions - Net	2.26,17	86.935.452	55.946.270
F-Other Liabilities and Relevant Accruals		-	-
1- Other Liabilities		-	-
2- Overdue, Deferred or By Installment Taxes and Other Liabilities		-	-
3- Other Liabilities and Expense Accruals		-	-
G- Provisions for Other Risks	23	21.314.982	7.505.899
1- Provisions for Employment Termination Benefits	23	21.314.982	7.505.899
2- Provisions for Pension Fund Deficits		-	-
H-Deferred Income and Expense Accruals		-	-
1- Deferred Commission Income		-	-
2- Expense Accruals		-	-
3- Other Deferred Income		-	-
I- Other Long-Term Liabilities		-	-
1- Deferred Tax Liabilities		-	-
2- Other Long-Term Liabilities		-	-
IV - Total Long-Term Liabilities		111.729.313	68.670.332

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

EQUITY			
V- Equity	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A- Paid in Capital		190.000.000	190.000.000
1- (Nominal) Capital	2.13,15	190.000.000	190.000.000
2- Unpaid Capital (-)		-	-
3- Positive Capital Restatement Differences		-	-
4- Negative Capital Restatement Differences (-)		-	-
5- Unregistered Capital		-	-
B- Capital Reserves		100.047	100.047
1- Share Premiums		-	-
2- Cancellation Profits of Equity Shares		-	-
3- Profit on Sale Assets That Will Be Transferred to Capital		-	-
4- Currency Translation Adjustments		-	-
5- Other Capital Reserves		100.047	100.047
C- Profit Reserves	15	1.772.607.317	1.604.994.279
1- Legal Reserves	15	77.714.458	63.006.679
2- Statutory Reserves		-	-
3- Extraordinary Reserves	15	1.668.316.304	1.570.403.191
4- Special Funds	15	(9.287.702)	(1.855.992)
5- Revaluation of Financial Assets	15	27.056.200	(35.367.656)
6- Other Profit Reserves	15	8.808.057	8.808.057
D- Retained Earnings		-	-
1- Retained Earnings		-	-
E- Accumulated Losses		-	(54.350.069)
1- Accumulated Losses	2.1.1	-	(54.350.069)
F-Net Profit/(Loss) for the Year		460.157.093	323.548.748
1- Net Profit for the Year		460.157.093	323.548.748
2- Net Loss for the Year		-	-
3- Net Profit for the Period not Subject to Distribution		-	-
V- Total Equity		2.422.864.457	2.064.293.005
Total Equity and Liabilities		11.921.619.375	7.329.146.278

The accompanying notes form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
I-TECHNICAL SECTION			
A- Non-Life Technical Income		4.894.091.341	2.375.405.097
1- Earned Premiums (Net of Reinsurer Share)	17	3.306.350.827	1.850.296.054
1.1- Written Premiums (Net of Reinsurer Share)	17	6.394.513.686	1.857.536.676
1.1.1- Written Premiums, gross	17,24	10.085.237.185	3.455.290.096
1.1.2- Written Premiums, ceded	10,17,24	(3.397.510.694)	(1.498.103.870)
1.1.3- Written Premiums, SSI share		(293.212.805)	(99.649.550)
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)	17	(3.128.446.175)	30.050.009
1.2.1- Reserve for Unearned Premiums, gross	17	(4.424.573.788)	(197.375.921)
1.2.2- Reserve for Unearned Premiums, ceded	10,17	1.159.976.098	240.537.100
1.2.3- Reserve for Unearned Premiums, SSI share	17	136.151.515	(13.111.170)
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	40.283.316	(37.290.631)
1.3.1- Reserve for Unexpired Risks, gross	17	43.890.506	(73.135.655)
1.3.2- Reserve for Unexpired Risks, ceded	17	(3.607.190)	35.845.024
2- Investment Income - Transferred from Non-Technical Section	17	1.445.507.178	465.989.269
3- Other Technical Income (Net of Reinsurer Share)		-	-
3.1- Other Technical Income, gross		-	-
3.2- Other Technical Income, ceded		-	-
4. Accrued Salvage and Subrogation Income	17	142.233.336	59.119.774
B- Non-Life Technical Expense		(4.540.635.059)	(2.181.462.380)
1- Incurred Losses (Net of Reinsurer Share)	17	(3.477.290.165)	(1.632.651.723)
1.1- Claims Paid (Net of Reinsurer Share)	17,29	(2.389.335.260)	(1.416.200.210)
1.1.1- Claims Paid, gross	17	(3.822.139.324)	(2.071.316.259)
1.1.2- Claims Paid, ceded	10	1.432.804.064	655.116.049
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)	17,29	(1.087.954.905)	(216.451.513)
1.2.1- Change in Provisions for Outstanding Claims, gross	17	(2.049.259.470)	(745.265.779)
1.2.2- Change in Provisions for Outstanding Claims, ceded	17	961.304.565	528.814.266
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		(3.514.902)	(910.270)
2.1- Provision for Bonus and Discounts, gross	17	(3.514.902)	(910.270)
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)	17	(30.989.181)	(9.871.532)
4- Operating Expenses	32	(871.017.160)	(477.419.181)
5- Change in Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
6- Other Technical Expense	47	(157.823.651)	(60.609.674)
6.1- Other Technical Expense, gross	47	(157.823.651)	(60.609.674)
6.2- Other Technical Expense, ceded		-	-
C- Net Technical Income-Non-Life (A - B)		353.456.282	193.942.717
D- Life Technical Income		-	-
1- Earned Premiums (Net of Reinsurer Share)		-	-
1.1- Written Premiums (Net of Reinsurer Share)		-	-
1.1.1- Written Premiums, gross		-	-
1.1.2- Written Premiums, ceded		-	-
1.2- Change in Reserve for Unearned Premiums (Net of Reinsurer Shares and Less the Amounts Carried Forward)		-	-
1.2.1- Reserve for Unearned Premiums, gross		-	-
1.2.2- Reserve for Unearned Premiums, ceded		-	-
1.3- Change in Reserve for Unexpired Risks (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.3.1- Reserve for Unexpired Risks, gross		-	-
1.3.2- Reserve for Unexpired Risks, ceded		-	-
2- Investment Income		-	-
3- Unrealized Gains on Investments		-	-
4- Other Technical Income (Net of Reinsurer Share)		-	-
4.1- Other Technical Income, gross		-	-
4.2- Other Technical Income, ceded		-	-

The accompanying notes form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
I-TECHNICAL SECTION			
1- Incurred Losses (Net of Reinsurer Share)		-	-
1.1- Claims Paid (Net of Reinsurer Share)		-	-
1.1.1- Claims Paid, gross		-	-
1.1.2- Claims Paid, ceded		-	-
1.2- Change in Provisions for Outstanding Claims (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
1.2.1- Change in Provisions for Outstanding Claims, gross		-	-
1.2.2- Change in Provisions for Outstanding Claims, ceded		-	-
2- Change in Provision for Bonus and Discounts (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
2.1- Provision for Bonus and Discounts, gross		-	-
2.2- Provision for Bonus and Discounts, ceded		-	-
3- Change in Life Mathematical Provisions (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
3.1- Change in Mathematical Provisions, gross		-	-
3.1.1- Actuarial Mathematical Reserve		-	-
3.1.2- Profit Share Reserve (Provision for Policies Relating to Life Insurance Policyholders)		-	-
3.2- Change in Mathematical Provisions, ceded		-	-
3.2.1- Actuarial Mathematical Reserve, ceded		-	-
3.2.2- Profit Share Reserve, ceded (Provision for Policies Relating to Life Insurance Policyholders)		-	-
4- Change in Other Technical Reserves (Net of Reinsurer Share and Less the Amounts Carried Forward)		-	-
5- Operating Expenses		-	-
6- Investment Expenses		-	-
7- Unrealized Losses on Investments		-	-
8- Investment Income Transferred to the Non-Life Technical Section		-	-
F- Net Technical Income- Life (D - E)		-	-
G- Pension Business Technical Income		-	-
1- Fund Management Income		-	-
2- Management Fee		-	-
3- Entrance Fee Income		-	-
4- Management Expense Charge in case of Suspension		-	-
5- Income from Private Service Charges		-	-
6- Increase in Value of Capital Allowances Given as Advance		-	-
7- Other Technical Expense		-	-
H- Pension Business Technical Expense		-	-
1- Fund Management Expense		-	-
2- Decrease in Value of Capital Allowances Given as Advance		-	-
3- Operating Expenses		-	-
4- Other Technical Expenses		-	-
I- Net Technical Income - Pension Business (G - H)		-	-
I- Teknik Bölüm Dengesi- Emeklilik (G - H)		-	-

The accompanying notes form an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period January 1- December 31, 2022	Audited Prior Period January 1- December 31, 2021
II-NON-TECHNICAL SECTION			
C- Net Technical Income - Non-Life (A-B)		353.456.282	193.942.717
F- Net Technical Income - Life (D-E)		-	-
I - Net Technical Income - Pension Business (G-H)		-	-
J- Total Net Technical Income (C+F+I)		353.456.282	193.942.717
K- Investment Income		1.885.090.097	1.897.742.768
1- Income from Financial Assets	4.2	721.925.844	263.374.842
2- Income from Disposal of Financial Assets		-	-
3- Valuation of Financial Assets	11	194.876.335	1.002.293
4- Foreign Exchange Gains	4.2	953.757.035	1.597.165.826
5- Income from Associates	4.2	423.464	233.802
6- Income from Subsidiaries and Joint Ventures		-	-
7- Income from Property, Plant and Equipment	4.2	613.421	94.163
8- Income from Derivative Transactions	4.2	13.018.812	35.871.842
9- Other Investments	4.2	475.186	-
10- Income Transferred from Life Section		-	-
L- Investment Expense		(1.712.257.670)	(1.573.044.810)
1- Investment Management Expenses (inc. interest)		(48.028.689)	(12.791.858)
2- Diminution in Value of Investments		-	-
3- Loss from Disposal of Financial Assets		-	-
4- Investment Income Transferred to Non-Life Technical Section	1.7	(1.445.507.178)	(465.989.269)
5- Loss from Derivative Transactions	4.2	(178.451.495)	(645.738.659)
6- Foreign Exchange Losses	4.2	-	(420.750.234)
7- Depreciation and Amortization Expenses	6,8	(40.270.308)	(25.881.493)
8- Other Investment Expenses		-	(1.893.297)
M- Income and Expenses From Other and Extraordinary Operations		(124.574.305)	60.322.003
1- Provisions	47	(77.320.225)	(64.577.652)
2- Rediscounts	47	(144.276.239)	(9.822.232)
3- Specified Insurance Accounts		-	-
4- Monetary Gains and Losses		-	-
5- Deferred Taxation (Deferred Tax Assets)	35	101.401.054	134.919.959
6- Deferred Taxation (Deferred Tax Liabilities)		-	-
7- Other Income	47	3.077.250	2.627.121
8- Other Expenses and Losses	47	(7.456.145)	(2.825.193)
9- Prior Year's Income		-	-
10- Prior Year's Expenses and Losses		-	-
N- Net Profit for the Year		460.157.093	323.548.748
1- Profit for the Year		401.714.404	578.962.678
2- Corporate Tax Provision and Other Fiscal Liabilities	35	58.442.689	(255.413.930)
3- Net Profit for the Year		460.157.093	323.548.748
4- Monetary Gains and Losses		-	-

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

Audited Changes in Equity - December 31, 2022						
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment
I - Balance at the end of the previous year - December 31, 2021		190.000.000	-	(35.367.656)	-	-
II- Changes in Accounting Policy		-	-	-	-	-
III- New Balances January 1, 2022		190.000.000	-	(35.367.656)	-	-
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income	23	-	-	-	-	-
D- Change in the value of financial assets	11	-	-	62.423.856	-	-
E- Currency translation adjustments		-	-	-	-	-
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I- Other reserves and transfers from retained earnings	2.23,15	-	-	-	-	-
J - Dividends paid	2.23	-	-	-	-	-
II - Balance at the end of the year - December 31, 2022		190.000.000	-	27.056.200	-	-
Audited Changes in Equity - December 31, 2021						
	Note	Paid-in capital	Own shares of the company	Revaluation of financial assets	Inflation adjustment	Currency translation adjustment
I - Balance at the end of the previous year -December 31, 2020		190.000.000	-	(19.844.371)	-	-
II- Changes in Accounting Policy		-	-	-	-	-
III- New Balances January 1, 2021		190.000.000	-	(19.844.371)	-	-
A- Capital increase		-	-	-	-	-
1- In cash		-	-	-	-	-
2- From reserves		-	-	-	-	-
B- Purchase of own shares		-	-	-	-	-
C- Gains or losses that are not included in the statement of income	23	-	-	-	-	-
D- Change in the value of financial assets	11	-	-	(15.523.285)	-	-
E- Currency translation adjustments		-	-	-	-	-
F- Other gains or losses		-	-	-	-	-
G- Inflation adjustment differences		-	-	-	-	-
H- Net profit for the year		-	-	-	-	-
I- Other reserves and transfers from retained earnings	2.23,15	-	-	-	-	-
J - Dividends paid	2.23	-	-	-	-	-
II - Balance at the end of the year - December 31, 2021		190.000.000	-	(35.367.656)	-	-

The accompanying notes form an integral part of these financial statements.

Audited Changes in Equity - December 31, 2022

Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
63.006.679	-	1.577.455.303	323.548.748	(54.350.069)	2.064.293.005
-	-	-	-	-	-
63.006.679	-	1.577.455.303	323.548.748	(54.350.069)	2.064.293.005
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(7.431.710)	-	-	(7.431.710)
-	-	-	-	-	62.423.856
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	460.157.093	-	460.157.093
14.707.779	-	97.913.113	(166.970.961)	54.350.069	-
-	-	-	(156.577.787)	-	(156.577.787)
77.714.458	-	1.667.936.706	460.157.093	-	2.422.864.457

Audited Changes in Equity - December 31, 2021

Legal reserves	Statutory reserves	Other reserves and retained earnings	Net profit for the year	Retained earnings	Total
42.777.778	-	1.372.916.907	382.591.600	-	1.968.441.914
-	-	-	-	-	-
42.777.778	-	1.372.916.907	382.591.600	-	1.968.441.914
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(385.363)	-	-	(385.363)
-	-	-	-	-	(15.523.285)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	323.548.748	-	323.548.748
20.228.901	-	204.923.759	(170.802.591)	(54.350.069)	-
-	-	-	(211.789.009)	-	(211.789.009)
63.006.679	-	1.577.455.303	323.548.748	(54.350.069)	2.064.293.005

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period December 31, 2022	Audited Prior Period December 31, 2021
A. Cash flows from operating activities			
1. Cash provided from insurance activities		12.510.632.385	4.423.087.456
2. Cash provided from reinsurance activities		-	-
3. Cash provided from private pension business		-	-
4. Cash used in insurance activities		(9.353.839.946)	(4.303.270.127)
5. Cash used in reinsurance activities		-	-
6. Cash used in private pension business		-	-
7. Cash provided from operating activities		3.156.792.439	119.817.329
8. Interest paid		-	-
9. Income taxes paid	21	(73.440.156)	(52.475.335)
10. Other cash inflows		189.193.743	64.224.814
11. Other cash outflows		(1.068.273.904)	(488.887.661)
12. Net cash provided from operating activities		2.204.272.122	(357.320.853)
B. Cash flows from investing activities			
1. Proceeds from disposal of tangible assets	6,8	-	-
2. Acquisition of tangible assets	6,8	(51.237.994)	(93.143.348)
3. Acquisition of financial assets	11	(11.813.444.827)	(3.314.596.890)
4. Proceeds from disposal of financial assets	11	11.145.439.388	3.146.459.215
5. Interests received		721.598.106	264.938.032
6. Dividends received	4,2	423.464	233.802
7. Other cash inflows		1.088.607	493.070.230
8. Other cash outflows		(1.414.565.031)	(161.470.393)
9. Net cash provided by/(used in) investing activities		(1.410.698.287)	335.490.648
C. Cash flows from financing activities			
1. Equity shares issued		-	-
2. Cash provided from loans and borrowings		-	-
3. Finance lease payments		-	-
4. Dividends paid	2,23	(156.577.787)	(211.789.009)
5. Other cash inflows		-	-
6. Other cash outflows		-	-
7. Net cash provided by financing activities		(156.577.787)	(211.789.009)
D. Effect of exchange rate fluctuations on cash and cash equivalents		25.619.176	54.502.648
E. Net increase/(decrease) in cash and cash equivalents		662.615.224	(179.116.566)
F. Cash and cash equivalents at the beginning of the year	2,12	1.366.205.163	1.545.321.729
G. Cash and cash equivalents at the end of the year	2,12	2.028.820.387	1.366.205.163

The accompanying notes form an integral part of these financial statements.

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	Note	Audited Current Period December 31, 2022 ⁽¹⁾	Audited Prior Period December 31, 2021 ⁽¹⁾
1. DISTRIBUTION OF PROFIT FOR THE PERIOD			
1.1. PROFIT FOR THE PERIOD ⁽¹⁾		300.313.350	444.042.719
1.2. TAXES PAYABLE AND LEGAL LIABILITIES		159.843.743	(120.493.971)
1.2.1. Corporate tax (Income Tax)		58.442.689	(255.413.930)
1.2.2. Income Tax Deduction		-	-
1.2.3. Other Tax and Legal Liabilities		101.401.054	134.919.959
A NET PROFIT FOR THE PERIOD (1.1 - 1.2)		460.157.093	323.548.748
1.3. PREVIOUS YEARS' LOSSES (-)		-	(54.350.069)
1.4. FIRST LEGAL RESERVE		-	-
1.5. LEGAL RESERVES KEPT IN THE COMPANY (-)	2.27	(166.541.001)	(217.294.662)
B NET DISTRIBUTABLE PROFIT FOR THE PERIOD [(A - (1.3 + 1.4 + 1.5)]⁽¹⁾		293.616.092	51.904.017
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	(9.500.000)
1.6.1. To Common Shareholders		-	(9.500.000)
1.6.2. To Preferred Shareholders		-	-
1.6.3. To Owners of Participating Redeemed Shares		-	-
1.6.4. To Owners Of Profit-sharing Securities		-	-
1.6.5. To Owners Of Profit and Loss Sharing Securities		-	-
1.7. DIVIDEND TO EMPLOYEES (-)		-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	(38.549.106)
1.9.1. To Common Shareholders		-	(38.549.106)
1.9.2. To Preferred Shareholders		-	-
1.9.3. To Owners of Participating Redeemed Shares		-	-
1.9.4. To Owners Of Profit-sharing Securities		-	-
1.9.5. To Owners Of Profit and Loss Sharing Securities		-	-
1.10. SECOND LEGAL RESERVE (-) ⁽¹⁾		-	(3.854.911)
1.11. STATUTORY RESERVE (-)		-	-
1.12. EXTRAORDINARY RESERVES ⁽¹⁾		-	-
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES		-	(119.381.549)
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVE (-)		-	(10.852.868)
2.3. DIVIDENDS TO SHAREHOLDERS (-)		-	(108.528.681)
2.3.1. To Common Shareholders		-	(108.528.681)
2.3.2. To Preferred Shareholders		-	-
2.3.3. To Owners of Participating Redeemed Shares		-	-
2.3.4. To Owners Of Profit-sharing Securities		-	-
2.3.5. To Owners Of Profit and Loss Sharing Securities		-	-
2.4. DIVIDENDS TO EMPLOYEES (-)		-	-
2.5. DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. PROFIT PER SHARE		-	-
3.1. TO COMMON SHAREHOLDERS		0,019	0,017
3.2. TO COMMON SHAREHOLDERS (%)		193,25%	170,29%
3.3. TO PREFERRED SHAREHOLDERS		-	-
3.4. TO PREFERRED SHAREHOLDERS (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1. TO COMMON SHAREHOLDERS		-	0,008
4.2. TO COMMON SHAREHOLDERS (%)		-	82,41%
4.3. TO PREFERRED SHAREHOLDERS		-	-
4.4. TO PREFERRED SHAREHOLDERS (%)		-	-

⁽¹⁾At the Ordinary General Assembly Meeting of the Company dated March 30, 2022, it has been decided to reserve TL 3.854.911 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 48.049.106 distribute to shareholder as gross dividend of the distributable income of TL 51.904.017 of the net profit of TL 323.548.748 resulting from the 2021 activities of the Company. It has been decided to reserve TL 10.852.868 as secondary legal reserves from the extraordinary reserves and to pay TL 108.528.681 as gross dividends. A cash dividend of TL 156.577.787 was paid to the shareholders in 2022.

⁽²⁾Authorized member for profit distribution is General Assembly and as of financial statements date General Assembly meeting did not take place yet. Since profit distribution proposal for financial year 2022 is not yet prepared by Board of Directors, in 2022 profit distribution table only distributable net income for the period is stated.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

1. General Information

1.1. Name and Structure of the Parent Company

As of December 31, 2022 and December 31, 2021, capital group of Sompo Sigorta Anonim Şirketi (Formerly known as Sompo Japan Sigorta Anonim Şirketi) ("Company") whose capital is directly or indirectly controlled is Sompo International Holdings Inc.

The Company was established in Turkey on March 30, 2001, pursuant to the license obtained from Republic of Turkey Ministry of Treasury and Finance to engage in all types of property and casualty insurance and reinsurance business under the name of Fiba Sigorta Anonim Şirketi. The Company's legal title was changed to Finans Sigorta Anonim Şirketi from Fiba Sigorta Anonim Şirketi on June 5, 2002 and changed back to with the Extraordinary General Assembly Decision dated October 31, 2007 Fiba Sigorta Anonim Şirketi from Finans Sigorta Anonim Şirketi through Board of Directors' Resolution numbered 2007/150 and dated August 13, 2007.

As of June 15, 2010, Fiba Holding AŞ, the Company's main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Turkish Treasury dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc. on November 2, 2010. European Bank For Reconstruction and Development has been taken over 399.600.000 shares with nominal value of TL 3.996.000 owned by Sompo Japan Insurance Inc on December 15, 2010. It was decided to change the title of the Company to "Sompo Japan Sigorta Anonim Şirketi" at the Ordinary General Assembly Meeting held on February 21, 2011.

Sompo Japan Insurance Inc. and Nipponka Insurance Co. merged under Sompo Japan Nipponka Insurance Inc. in 2014. The Company continued its activities under joint stock company after transferring 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction to Sompo Japan Nipponkoa Insurance Inc. with the decision of Board of Directors numbered 538 dated at October 31, 2016.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

1.2. Residency and legal nature of the organization, its country of incorporation and registered address (or if different than the place of the registered office, the main place of the operation)

The Company is registered at Turkey in 2001 and has the nature of a Joint Stock Company established and organized under the provisions of the Turkish Commercial Code. The Company operates in address of Beykoz-Kavacık, Rüzgarlıbahçe Mahallesi Çam Pınarı Sokak, No: 10 in İstanbul, Turkey.

1.3. Main Operations of the Company

The Company, operates all branches including fire and natural disasters, marine, water crafts, water crafts liability, motor vehicle, third party liability for motor vehicles (MTPL), accident, rail vehicles, air crafts, air crafts liability, general losses, general liability, suretyship, legal protection, credit, illness/health, support and financial losses branches except life branch within the framework of operating licenses received from the Republic of Turkey Ministry of Finance and Treasury.

1.4. Details of the Company's operations and nature of activities

The Company operates in compliance with the Insurance Law No.5684 (the "Insurance Law") issued on June 14, 2007 in Official Gazette No.26552 and the other regulations and regulations issued by the Republic of Turkey Ministry of Finance and Treasury. The Company operates in insurance branches stated in Note 1.3. As of December 31, 2022, the Company works with all authorized 2.714 agencies (December 31, 2021: 2.493 agencies).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

1. General Information (continued)

1.5. Average number of employees during the period by category

The average number of the employees in the period in by categories are as follows:

	December 31, 2022	December 31, 2021
Senior level executives	9	9
Other personnel	715	641
Total	724	650

1.6. Salaries and similar benefits provided to senior-level executives

Total amount of salaries and similar benefits provided to senior-level executives such as chairman and members of Board of Directors and general manager, assistant general managers as of January 1, - December 31, 2022 period is TL 54.581.417 (December 31, 2021: TL 34.203.135).

1.7. Keys used in distribution of investment income and operating expenses (personnel, management, research & development, marketing and sales, outsourced utilities and services and other operating expenses) in the financial statements

In accordance with the January 4, 2008 dated and 2008/1 numbered "Communiqué Related to the Procedures and Principles for the Keys Used in the Financial Statements Being Prepared In Accordance With Insurance Accounting Plan" issued by the Republic of Turkey Ministry of Treasury and Finance, the number of policies generated for each sub-branch in the last 3 years is distributed according to average of 3 ratios that are proportion of gross written premium number and claim notification number to total issued policy number, proportion of gross written premium number and claim notification number to gross written premium number and proportion of gross written premium number and claim notification number to claim notification number.

The Company transferred the entire income it obtained from investment of financial assets form non-technical section to technical section and left the other investment income in the non-technical section. As of December 31, 2022, the income transferred from non-technical to technical section this way is TL 1.445.507.178 (December 31, 2021: TL 465.989.269).

1.8. Whether the financial statements contain a single company or a group of companies

The accompanying financial statements only contain the financial information of Sompo Sigorta Anonim Şirketi.

1.9. Name and other identification of the reporting entity and any changes occurred in this information since the previous balance sheet date

Company Legal Title:	Sompo Sigorta Anonim Şirketi
Company Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Çam Pınarı Sk. No:10, Beykoz/İstanbul
Company's Web page Address:	www.somposigorta.com.tr

The Company changed its headquarter address after previous reporting period. The address information of the Company as of the end of the previous reporting period is as follows:

Company Previous Headquarter Address:	Kavacık Rüzgarlıbahçe Mahallesi Cumhuriyet Caddesi, No:10 Acarlar İş Merkezi, C Blok, Beykoz/İstanbul
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1.10. Events Occurred after the Balance Sheet Date

Events occurred after the balance sheet date have been disclosed in Note 46.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies

2.1. Principles of Preparation

2.1.1. Basis of Preparation of Financial Statements and Specific Accounting Policies Used

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Individual Pension Companies" as promulgated by the T.C. Ministry of Treasury and Finance based on Article 18 of the Insurance Law and Article 11 of the 4632 numbered Individual Pension Savings and Investment System Law ("Individual Retirement Law").

According to numbered 4th related law Accounting for subsidiaries, associates, joint ventures is, consolidated financial statements, financial statements which disclosed public regulated by the T.C. Ministry of Treasury and Finance.

The Company maintains its books of account and prepares its financial statements in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), and other accounting and financial reporting principles, statements and guidance (collectively "the Reporting Standards") in accordance with the "Communiqué Related to the Financial Reporting of Insurance, Reinsurance, and Private Pension Companies" as promulgated by Turkish Republic the Ministry of Treasury and Finance based on Article 18 of the Insurance Law and Article 11 of the Private Pension Law.

In Article 4 of the related communiqué; it is stated that procedures and principles related to accounting of insurance contracts, subsidiaries, associates and joint ventures and presentation of unconsolidated and consolidated financial statements together with their explanatory notes which will be announced to the public will be determined by the further communiqués of the Republic of Turkish Ministry of Treasury and Finance.

Insurance and Reinsurance and Pension Companies prepares financial statements according to Communiqué on Presentation of Financial Statements of the Turkish Republic Ministry of Treasury and Finance that entered into force and published on the Official Gazette dated April 18, 2008 and numbered 26851.

Financial Statements are prepared accordance with the prevailing accounting principles and standards as per the insurance legislation and Turkish Financial Reporting Standards decree for the matters not regulated by insurance legislation

The balance sheet and the statement of income for the period ended December 31, 2022 is approved by the Company Board of Directors on March 15, 2023. The Company's General Assembly and/or legal authorities has the right to change the accompanying financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.2. Other accounting policies as applicable for better understanding of financial statements

Adjustment of Financial Statements in High Inflation Periods

In accordance with the Republic of Turkey Ministry of Treasury and Finance's statement no: 19387 issued on April 4, 2005, the Company's financial statements as of December 31, 2004 are adjusted and its 2005 openings are prepared based on the requirements set out in "the preparation of financial statements in hyperinflationary periods" specified in the Capital Market Board's (CMB) Decree Volume: XI, No: 25 "Accounting Standards in Capital Markets" which was published in the Official Gazette No: 25290 on January 15, 2003. In addition, the preparation of financial statements in hyperinflationary periods has not been applied in accordance with the statement of the Republic of Turkey Ministry of Treasury and Finance. Therefore, as of March 31, 2014 and December 31, 2012, non-monetary balance sheet assets and liabilities and equity items, including capital share, are calculated by indexing of inputs as of December 31, 2004 (for inputs prior to December 31, 2004) and carrying inputs subsequent to December 31, 2004 at nominal value.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on December 31, 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 21, 2022.

2.1.3. Functional Currency

The accompanying financial statements are presented in TL, which is the Company's functional currency.

2.1.4. Rounding grade of amounts presented in financial statements

Financial information given in TL is rounded to the nearest full TL value.

2.1.5. Measurement basis used to prepare financial statements

The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation accounting until December 31, 2004, which is the end of the hyperinflationary period, except for those financial assets held for trading that are measured at fair value where reliable measurement is possible.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.6. Changes and errors in accounting policies

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policy and no significant accounting errors detected in the current period.

Changes in the accounting estimates are applied in the current period in which the change is made, if the change relates only to one period, and are applied prospectively in future periods, if they are related to future periods. The accounting estimates have not been changed in the current period.

The clarification of accounting policies has been given in 3 - Significant accounting estimates and decisions note.

2.1.7. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

2.1.8. New and revised standards and interpretations

The new and next phase effective as of 1 January 2022, the details of the policies used as a basis for the preparation of the relevant financial statements, with the accounting period ending as of December 31 2022, are summarized.

It has been applied as use with those used in the previous year, except for TFRS and TFRS interpretations. The effects of these standards and interpretations on the Company's financial condition and performance can be found in paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows:

Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 16 - Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have a significant impact on the financial position or performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New and revised standards and interpretations (continued)

Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The amendments did not have a significant impact on the financial position or performance of the Company.

Annual Improvements - 2018-2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018-2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments - Fees* in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- *TAS 41 Agriculture - Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. New and revised standards and interpretations (continued)

IFRS 17 - The new Standard for insurance contracts

The POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after January 1, 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

The Company is in the process of assessing the impact of the standard on financial position or performance of the Company.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments issued to TAS 8 are effective for annual periods beginning on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

Overall, the Company expects no significant impact on its balance sheet and equity.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.1. Basis of Preparation (continued)

2.1.8. The new standards, amendments and interpretations (continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after January 1, 2023. In the absence of a definition of the term “significant” in TFRS, the POA decided to replace it with “material” in the context of disclosing accounting policy information. “Material” is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after January 1 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company

Amendments to TFRS 16 - Rental Obligations in sales and leaseback transactions

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after January 1, 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Overall, the Company expects no significant impact on its balance sheet and equity.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.2. Consolidation

It is requested to publish consolidated financial statements according to “Communiqué on the Preparation of Consolidated Financial Statements of Insurance and Reinsurance Companies and Pension Companies” (“Consolidation Communiqué”) published by the Republic of Turkey Ministry of Treasury and Finance in the Official Gazette No: 21097 dated December 31, 2008 and insurance, reinsurance and pension companies; In accordance with the Consolidation Communiqué, consolidated financial statements have not been prepared due to the Company has no subsidiaries. .

2.3. Segment Reporting

An operating segment includes the performance of the Company’s business activities, including revenues and expenses incurred from transactions with other segments of operations, generating revenue and expenses, and ensuring that the results of operations are regularly audited and measured by the Board of Directors (as the competent authority to make decisions) and it is a part of financial information noticed. Due to the fact that the main geographical area in which the Company is operating is Turkey, no geographical segment reporting has been presented. Moreover, since the Company continues its activities in the field of non-life insurance, no reports have been presented according to segment.

2.4. Provision for Foreign Currencies

Transactions have been booked in TL, which is the functional currency of the Company. The transactions realized in foreign currency during preparation of the financial statements are converted into the functional currency over the rates effective on the transaction date. Assets and liabilities in foreign currency in the balance sheet are converted into Turkish Lira over the foreign exchange purchase rate of Turkish Central Bank. The exchange rate difference arising from these transactions is included in the income statement.

2.5. Tangible Fixed Asset

Tangible assets have been booked adjusted costs in accordance with inflation for the period until December 31, 2004. Any inflation adjustment is made for tangible assets in after period, the amount has been adopted as the cost amount indexed for inflation as of December 31, 2004. Since January 1, 2005 if the cost of the tangible assets purchased after financial expenses and foreign exchange differences are recognized as amounts deducted from their remaining value.

Gains and losses arising on the disposal of tangible assets are calculated as the difference between net proceeds and net book value of the related tangible asset and reflected in the income statement of the related period.

Normal maintenance and repair costs incurred for tangible assets booked as expense.

There are no changes in accounting estimates that have significant effect on the current period or that are expected to have significant effect on the following periods.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.5. Tangible Fixed Asset (Continued)

Depreciation rates and estimated useful lives are as follows:

Tangible Assets	Estimated Useful Lives (years)	Depreciation Rates (%)
Buildings	50	2,0
Fixtures and installations	2-15	6,7-50,0
Motor vehicles	2-5	20,0-50,0
Other tangible assets (including leasehold improvements)	2-5	20,0-50,0
Tangible assets acquired through lease	5	20,0
Right of use assets	2-3	33,3-50,0

2.6. Investment Properties

Investment property is held to obtain rental income or capital gains or both. Investment properties are measured at acquisition costs to include transaction costs in initial recognition. The Company measures investment property on a cost basis for property, plant and equipment (cost minus accumulated depreciation, minus impairment loss if any) after initial recognition).

2.7. Intangible Fixed Assets

The Company's intangible assets consist of software programs. Intangible assets are carried at cost in accordance with TAS 38 - Intangible Assets Accounting Standard. The costs of intangible assets are subject to inflation adjustment considering the period until the end of the high inflation period, which is the date of the entry into force of the law, for the assets entered into the currencies before December 31, 2004 and entries after December 31, 2004 have been reflected to financial statements considering purchase price.

The Company deducts the amortization expense for intangible assets over their useful lives using the straight-line method over their cost value.

2.8. Financial Assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial assets are classified into the following specified categories: financial assets as "financial assets held for trading", available-for-sale' (AFS) financial assets, "financial assets at fair value through profit and loss" and "loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.8. Financial Assets (Continued)

Loans and receivables are non-derivative financial assets that have fixed or determinable payments, are not traded on an active market, and are created by providing money, goods and services to the debtor. Loans and receivables in the financial statements of the Company and provision for impairment are deducted and if there is interest receivable there is discounted value; if it is an interest rate receivable, it is accounted with the amortized cost calculated by the effective interest method.

Financial assets held to maturity are financial assets acquired with the intention to hold to maturity, other than fixed and determinable payments with fixed maturity and loans and receivables, including funding capability, conditions necessary to be held until maturity. Financial assets held to maturity are initially recognized at amortized cost using the effective interest method, less impairment losses, if any.

Available-for-sale financial assets are the financial assets other than loans and receivables, investments held to maturity and financial assets held for trading.

Some equity instruments quoted in active markets and some debt instruments held by the Company are classified as available-for-sale and are measured at fair value. The Company has some available-for-sale investments that do not have quoted prices in active markets and whose fair values cannot be reliably measured are stated at cost. Gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. In case of sale or impairment of the investment, the cumulative gain or loss accumulated in the valuation fund of financial assets is classified in the income statement.

Purchase and sale transactions of securities are accounted at the date of delivery.

Subsidiaries are classified as financial assets available-for-sale in the Company's financial statements. Subsidiaries that are not traded in organized markets and whose fair value cannot be reliably measured are recognized in the financial statements at cost after impairment losses are recognized.

Derecognition of financial assets

Financial assets are derecognized when the Company loses control of the contractual rights on those assets. In this case, the realization of these rights, and the maturity occurs when the expiration or delivery.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.9. Impairment on assets

Impairment of financial assets

For each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets has suffered an impairment. A financial asset or group of financial assets, and only about being the first to recognize that after one or more loss/damage event that occurred, and such loss event of the related financial asset or group of assets that can be estimated reliably as a result of the impact on the estimated future cash flows when there is objective evidence that an impairment is assumed to be impaired and an impairment loss occurs.

Receivables are measured at the lower of the net amounts at the end of the period. In the event of a situation that shows that the amounts of the loans and receivables will not be collected on a regular basis, a provision is made up to the amount that can be collected for receivables.

The recoverable amount of equity instruments is the fair value of the instrument. The estimated recoverable amount of debt instruments that are measured at fair value is the present value of future cash flows discounted at the current rate of interest on the market.

An event that occurs after impairment records is reversed if the objective is objectively reversing the impairment. The reversal of the impairment in the financial assets measured at amortized cost and debt securities classified as available-for-sale is based on the income statement. Reversal of impairment on financial assets, which are classified as equity securities classified as available-for-sale financial assets, is directly attributable to equity.

Impairment of fixed assets

The Company assesses at each reporting date whether there is any indication that its assets may have been impaired. If such an indication exists, it estimates the recoverable amount of the related asset within the scope of TAS 36 - "Accounting Estimates of Impairment of Assets" and allocates provision for impairment if the recoverable amount is less than the carrying amount of the related asset.

The rediscount and provision expenses for the period have been disclosed in detail in *Note 47*.

2.10. Derivative financial instruments

As of December 31, 2022, the Company has accounted in income accruals amounting to TL 6.040.183 (December 31, 2021: None) that is increase in value and the Company has no other financial liabilities due to foreign currency contracts (December 31, 2021: TL 817.867.507). The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.11. Offsetting Financial Instruments

Financial assets and liabilities are offset only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or when the acquisition of the asset and the settlement the liability take place simultaneously.

Revenue and expenses have been stated net as to the profit or loss that arise only as long as the reporting standards permit, or for similar transactions such as the trading of the Company.

2.12. Cash and Cash Equivalents

“Cash and cash equivalents” that are essential for the preparation of cash flow statements can be expressed as cash on hand, cheques received, other cash and cash equivalents and demand deposits, time deposits in banks with original maturity of three months or less and securities which are not blocked for use.

As of December 31, 2022 and 2021, the details of cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Banks	629.797.591	766.891.362
Receivables from credit cards with bank guarantee due less than three months	1.383.921.577	590.403.035
	2.013.719.168	1.357.294.397
Interest income accruals of banks	(866.623)	(538.885)
Other cash and cash equivalents discount	15.967.842	9.449.651
Cash and cash equivalents in the cash flows statement	2.028.820.387	1.366.205.163

2.13. Capital

As of December 31, 2022, capital group of the Company whose capital is directly or indirectly controlled is Sompo International Holding Inc. As of December 31, 2022 and December 31, 2021, the Company's capital and shareholder structure are as follows:

As of December 31, 2022 and 2021;

Title	Share Amount (TL)	Share Rate (%)
Sompo International Holding Inc.	190.000.000	100,00
Paid in Capital	190.000.000	100,00

As of June 15, 2010, Fiba Holding A.Ş., the Company's previous main shareholder, has signed Share Purchase Agreement with Sompo Japan Insurance Inc. in order to transfer all shares. Following the approval of Republic of Turkey Ministry of Treasury and Finance dated October 8, 2010 numbered 47481, the Company's majority portion of shares are transferred to Sompo Japan Insurance Inc on November 2, 2010

As per the resolution of the Board of Directors dated November 1, 2010 numbered 2010/235, total 228.379.200 shares with nominal value of TL 2.283.792 owned by the real person-shareholders before the share transfer to Sompo Japan Insurance Inc., is transferred to Fiba Holding A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.13. Capital (Continued)

As per the resolution of the Board of Directors dated November 2, 2010 numbered 2010/237, 2.807.876.700 shares owned by Fiba Holding A.Ş. with nominal value of TL 28.078.767 is transferred to Sompo Japan Asia Holdings Pte, 10.000 shares owned by Fiba Holding A.Ş. with nominal value of TL 100 is transferred to Sompo Japan Insurance (Singapore) Pte. Ltd, 10.000 shares owned by Fiba Holding with nominal value of TL 100 is transferred to Sompo Japan Insurance Company of America, 10.000 shares owned by Fiba Holding A.Ş. with nominal value of TL 100 is transferred to Japan Insurance Company of Europe Limited. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Fiba Holding AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Insurance Inc. 385.000.000 shares owned by Girişim Faktoring AŞ with nominal value of TL 3.850.000 are transferred to Sompo Japan Nipponkoa Insurance Inc.

399.600.000 shares owned by Sompo Japan Nipponkoa Insurance Inc. with nominal value of TL 3.996.000 is transferred to European Bank for Reconstruction and Development on December 15, 2010.

As per the resolution of the Board of Directors dated December 29, 2010 numbered 2010/268, total 370.833.000 shares with nominal value of TL 370.833 owned by the real person-shareholders is transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors No. 354 dated January 30, 2013, Sompo Japan Nipponko Asia Holdings Pte. Ltd. owns 10.000 shares with a nominal value of TL 100, which is owned by Sompo Japan Nipponko Insurance (Singapore) Pte. 10.000 shares with a nominal value of TL 100 which the Company owns in the company, 10.000 shares with a nominal value of TL 100 with the shares of Sompo Japan Nipponko Insurance Company of America, 10,000 shares with a nominal value of TL 100 have been transferred to Sompo Japan Nipponkoa Insurance Inc.

According to the resolution of Board of Directors numbered 538 dated October 31, 2016, 399.600.000 shares with nominal value of TL 3.996.000 owned by European Bank For Reconstruction and Development were transferred to Sompo Japan Nipponkoa Insurance Inc.

It has been unanimously resolved to increase the total capital of the Company by cash amounting to TL 190,000,000 with the decision of the Board of Directors dated April 24, 2017 and numbered 563 and to amend Article 6 of the Articles of Association of the Company in the framework of the attached amendment text.

According to Extraordinary General Meeting on May 15, 2019, the title of the Company has been decided to change as "Sompo Sigorta A.Ş." which was "Sompo Japan Sigorta A.Ş.", and the decision has been registered in official gazette with 9838 No on May 28, 2019.

On November 7, 2019, the sole shareholder of the Company has changed as "Sompo International Holdings Ltd." and it has published in official gazette with 9956 No on November 21, 2019.

The privileges granted to shares representing the capital: None.

Registered capital system in the Company: None.

The Company's own shares bought back: None.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.14. Insurance and Investment Contracts - Taxonomy

An insurance contract is a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk covers all risks except for financial risks. All premiums received within the scope of insurance contracts are recognized as income under the written premiums account.

Investment contracts are those contracts which transfer financial risk without significant insurance risk. Financial risk is the risk of a possible future change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, that it is not specific to a party to the contract, in the case of a non-financial variable

As of the reporting date, the Company does not have a contract which is classified as an investment contract.

2.15. Discretionary Participation Features in Insurance and Investment Contracts

Discretionary participation feature ("DPF") within insurance contracts and investment contracts is the right to have following benefits in addition to the guaranteed benefits.

- (i) That are likely to comprise a significant portion of the total contractual benefits;
- (ii) Whose amount or timing is contractually at the discretion of the Issuer; and
- (iii) That are contractually based on:
 - (1) The performance of a specified pool of contracts or a specified type of contract;
 - (2) Realized and/or unrealized investments returns on a specified pool of assets held by the Issuer; or
 - (3) The profit or loss of the Company, Fund or other entity that issues the contract.

As of the reporting date, the Company does not have any insurance or investment contracts that contain a DPF.

2.16. Investment Contracts Without Discretionary Participation Features

As of the reporting date, the Company does not have any investment contracts without Discretionary Participation Features.

2.17. Payables

Financial liabilities represent liabilities resulting from transactions that require the transfer of cash or another financial asset to another entity. Financial liabilities in the Company's financial statements are stated at discounted value. When a financial liability is paid, it is deducted from the records.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of the Accounting Policies (Continued)

2.18. Taxes

Corporate tax

Corporate income is subject to corporate tax at 20%. This rate is applied to as accounting income modified for certain exceptions (like dividend income) and deductions (like investment incentives) and additions for certain non-tax-deductible expenses and allowances for tax purposes. If there is no distribution planned, no further tax charges are made.

According with the law numbered 7394, article 25 published in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%. In accordance with the article 26 of the same Law, 25% will started to be applied for tax declarations to be submitted after July 1, 2022 and applicable for 2022.

As per "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was proposed on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange, interest and other various financial income received from Turkish Lira assets deposited at least three months which were converted to Turkish Lira by converting foreign currencies or various gold resources into Turkish Lira are exempted from corporate tax. Within the scope of temporary 14th article of the Law, the Company benefited from TL 58.442.689 and TL 161.336.045 tax exemption for 2021 and 2022, respectively. The exemption amount for the year 2021 amounting to TL 58.442.689 has been recorded as income in the "Corporate Tax Provision and Other Fiscal Liabilities" in the income statement dated December 31, 2022.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is applied as 10% in accordance with the Presidential Resolution published in the Official Gazette dated December 22, 2021. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish Tax Legislation, tax losses can be carried forward to offset against future taxable income for up to five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.18. Taxes (continued)

Deferred tax

In accordance with TAS 12 - *Turkish Accounting Standard for Income taxes*, deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

Deferred tax assets and liabilities are reported as net in the financial statements if, and only if, the Company has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

In case where gains/losses resulting from the subsequent measurement of the assets are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized as an item under equity, then the related current and/or deferred tax effects are also recognized directly in the equity.

As of December 31, 2022, a tax rate of 25% is used for temporary differences. (December 31, 2021: A tax rate of 23% is used for temporary differences that are expected to occur/close in 2022, and 20% for temporary differences that are expected to occur/close after 2022)

Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.

According to relevant communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

2.19. Benefits Provided to Employees

Provision for employee termination benefits

In accordance with existing Turkish Labour Law, the Company is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of December 31, 2022 is TL 15.371 (December 31, 2021: TL 8.285).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.19. Benefits Provided to Employees (continued)

Provision for employee termination benefits (continued)

The Company reserved for employee severance indemnities using actuarial method in compliance with the TAS 19-Employee Benefits. Therefore, as of December 31, 2022, actuarial calculations have been made for the related liabilities and recorded as TL 9.287.703 (deferred tax-free) actuarial loss in special funds under equity. (December 31, 2021: TL 1.855.992)

	December 31, 2022	December 31, 2021
Discount rate	3,39	4,50
Expected rate of salary/limit increase	25,00	20,00

The expected salary/limit increase ratio above is determined according to the government's annual inflation forecasts.

Other benefits

The Company has provided for undiscounted short-term employee benefits earned during the period as per services rendered in compliance with TAS 19 in the accompanying financial statements.

2.20. Provisions

A provision is made for an existing obligation resulting from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the reporting date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Company to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Company discloses the contingent asset.

2.21. Revenue Recognition

Written Premiums

Written premiums represent the remaining amount after cancellations and tax deductions of policy premiums issued in previous years as well as policies issued during the period.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition (continued)

Subrogation and salvage income and other similar income

The accrued or collected subrogation, salvage and similar income items cannot be discounted in calculations related to the provision for outstanding claims that are accrued and determined on account (file outstanding) but are recognized in the income statement and under the relevant receivables account on the active side of the balance sheet.

To accomplish the assessment of salvage and subrogation receivables or income, the acquisition of the right of subrogation, to determine the exact amount and the term should not have been charged by the end of. According to the Turkish Commercial Code, in order to acquire the right of subrogation, compensation must be paid.

According to the Circular No. 2010/13 of the Republic of Turkey Ministry of Treasury and Finance dated September 20, 2010, the insurance companies must pay compensation to the insurers without having to obtain repayment from the insurance companies and must have received the insurance from the insurers and notify the insurance company or third parties. It is accrued to the extent that the indebtedness of the insurance company to the collateral limit. However, this amount is reserved against the counter insurance company within six months following the payment of the indemnity payment, or against the third party within four months.

On the other hand, if a protocol is signed between the debtor insurance company or the third parties and the repayment receivable together with the payment plan not exceeding twelve months in total within the six and four month periods described above, or if a document such as check or promissory note is taken for payment, Six months for the third person, and four months for the third person, and for the installments that are in the process of acceptance and collection.

As of December 31, 2022, the Company has presented no proceedings in gross salvage and subrogation receivables amounting to TL 211.872.929 (December 31, 2021: TL 113.226.394) and reinsurer's share amounting to TL 7.508.335 (December 31, 2021: TL 2.572.670) as subrogation and salvage receivables in receivables from main activities in technical income accounts. The receivable and salvage receivables amounting to gross TL 31.415.789 (December 31, 2021: TL 9.366.129) and the reinsurer share of TL 966.508 (December 31, 2021: TL 253.125), which are not collected in the above periods, have been provision in this receivable amount.

However, if a protocol that includes a payment plan exceeding 12 months in total is made or a document is received, a protocol must be signed for the receivable amount exceeding 12 months or maturity, or provision must be made on the date of receipt of the document. In addition, regardless of the payment dates specified in the protocol or received document, all of the installments received or outstanding in the event of any payment made in the twelve month period from the date of payment of the indemnity to the payment plan or in the event of a single maturity, it is necessary for the provision.

If the claim is made through litigation/execution the accrual will be made as of the date of commencement of these transactions and the provision for doubtful receivables is set as of the same date.

The Company has classified the net subrogation amounting to TL 263.310.570 (December 31, 2021: TL 193.451.827) in the doubtful receivables arising from the main activity by allocating the doubtful receivables provision for the remaining portion in the retirement of the proceeds from the litigation conducted through litigation and execution.

In order to accrue salvage income, all insurance costs of damaged goods should be compensated and those goods should be owned by insurance company or under the condition of secondarily ownership (salvage) by insurance company, the income generated from the sale of those goods has to be accrued on the related periods like salvage receivables. In that case, if goods which are under secondary ownership by insurance company are sold via third party (real/corporate) or given over to insurer or directly sold by Company, salvage income should be accrued and should not be deducted from paid claims or outstanding claims.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition (continued)

Subrogation and salvage income and other similar income (continued)

As of December 31, 2022 and December 31, 2021, collected subrogation and salvage income per branches are as follows:

	December 31, 2022	December 31, 2021
Motor vehicles	1.198.189.229	593.892.860
Third part liability for motor vehicles	44.154.850	31.692.583
Transportation	4.890.167	1.122.269
Fire and natural disaster	2.636.194	1.889.152
General Losses	331.789	297.503
Other	54.001	252.414
Total	1.250.256.230	629.146.781

As of December 31, 2022 and December 31, 2021, accrued subrogation and salvage income per branches are as follows:

	December 31, 2022	December 31, 2021
Motor vehicles	162.197.728	88.083.413
Third part liability for motor vehicles	37.838.381	21.406.684
Transportation	2.448.830	682.355
Fire and natural disaster	1.716.726	383.130
Accident	83.325	-
General losses	79.604	95.156
Other	-	2.986
Total	204.364.594	110.653.724

Commission income and expense

As further disclosed in Note 2.24 - Reserve for unearned premiums, commissions paid to the agencies related to the production of the insurance policies and the commissions received from the reinsurance firms related to the premiums ceded are recognized over the life of the contract by deferring commission income and expenses within the calculation of reserve for unearned premiums for the policies produced before January 1, 2008 and recognizing deferred commission income and deferred commission expense in the financial statements for the policies produced after January 1, 2008.

Interest income and expense

Interest income and expense are recognized using the effective interest method by basis of accrual. The effective interest rate is the rate that exactly discounts the estimated future cash payments of financial assets or liability and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.21. Revenue Recognition (continued)

Trading income/expense

Trading income/expense includes gains and losses arising from disposals of financial assets held for trading purpose and available-for-sale financial assets. Trading income and trading expenses are recognized as "Income from disposal of financial assets" and "Loss from disposal of financial assets" in the accompanying financial statements

2.22. Leasing Transactions

The Company recognizes TFRS 16 for leases with more than 12 months of lease term.

The Company recognizes the lease payments as an expense on a straight-line basis lower than 12 months of lease term.

Tangible assets acquired by way of finance leases are recorded in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the financial statements. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are measured at net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Lease liability is measured at fair value of rent payments that have not been paid on the date rent is actually begin in accordance TFRS 16. Rent payments are discounted as using incremental borrowing rate.

Book value of the lease liability after the lease actually started; remeasured as reflectable to increase the interest in the lease liability, decreased as reflectable the lease payments made, to reflect all reassessments and changes made in the lease, or to reflect fixed lease payments of its revised core.

The interest on the lease liability for each period in the lease term is the amount found as calculated by fixed periodic interest rate to the remaining balance of the lease liability.

After the lease actually starts, the lease liability is remeasured to reflect changes in lease payments. The remeasured amount of the lease liability is reflected in the financial statements as a correction in the right of use.

In case of a change in the duration of the first lease or use of the purchase option, a revised discount rate is used to reflect the changes in the interest rate. However, if there is a change in the lease liabilities arising from a change in an index used in determining the future lease payments or the amounts expected to be paid within the context of the residual value commitment, the unmodified discount rate is used.

Regarding a change that is not recognized as a separate lease, the lease liability is remeasured by reducing the revised lease payments at a revised discount rate at the date of implementation of the change. The revised discount rate is determined as the incremental borrowing rate at the date of application of the change. For changes that narrow the scope of the lease, the carrying amount of the right of use is reduced to reflect the partial or complete termination of the lease. Gains or losses related to the partial or complete termination of the lease are recognized in profit or loss. Corrections are made on the right of use for all other changes.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.23. Profit Share Distribution

At the Ordinary General Assembly Meeting of the Company dated March 30, 2022, it has been decided to reserve TL 3.854.911 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 48.049.106 distribute to shareholder as gross dividend of the distributable income of TL 51.904.017 of the net profit of TL 323.548.748 resulting from the 2021 activities of the Company. It has been decided to reserve TL 10.852.868 as secondary legal reserves from the extraordinary reserves and to pay TL 108.528.681 TL as gross dividends.

Cash dividends amounting to TL 156.577.787 were paid to the shareholders in 2022 (December 31, 2021: 211.789.009).

2.24. Unearned Premium Reserve

In accordance with the “Communiqué on Technical Reserves for Insurance, Reinsurance and Pension Companies and the Related Assets That Should Be Invested Against Those Technical Reserves” (“Communiqué on Technical Reserves”) which was issued in 26606 numbered and August 7, 2007 dated Official Gazette and put into effect starting from January 1, 2008, the reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or any other allowance, in a period that relate to the period of risk subsequent to the reporting date for all short-term insurance policies. In commodity transport insurance contracts with nonspecific due date, 50% of the remaining amount which is accrued in the last three months is reserved as unearned premiums reserve.

Reserve for unearned premiums is calculated for all insurance contracts except for the contracts which the company provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long term insurance contracts.

Since the Technical Reserves Regulation published on August 7, 2007 entered into force on January 1, 2008, Republic of Turkey Ministry of Treasury and Finance has issued the “Circular on the Provision of Insurance and Reassurance and Pension Companies’ Provisions for Compliance with the Provisions of the Insurance Law No. 5684” dated July 4, 2007 and numbered 2007/3 within the period between the publication date of the Technical Reserves Regulation and the date of entry into force (“Compliance Circle “). In previous calculations, earthquake premiums were deducted during the calculation of unearned premiums; After June 14, 2007 and the Circular for compliance of policies issued, net of unearned premiums should not be stated that during the earthquake premium provisions. Accordingly, the Company began to calculate the unearned premium reserves for the earthquake premiums written after this date, when the Company did not calculate the unearned premium reserves for the earthquake premiums written before June 14, 2007.

According to the Regulation on the Amendment of the Technical Reserves of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets to be Invested in These Reserves, published in the Official Gazette dated July 28, 2010 and numbered 27655, all the policies are started at 12:00 pm and finished at 12:00 pm so provisions for unearned premiums have been calculated as half day for the starting day and end day for all the policies.

According to the Regulation Regarding the Technical Provisions of Insurance and Reinsurance Companies and Pension Funds and the Amendment of the Regulation on the Assets That This Provisions are Invested, published in the Official Gazette dated July 28, 2010, numbered 27655, during the calculation of the unearned premiums liabilities related to insurance contracts that is indexed to currency, if not determined any currency on the insurance contracts, the selling currency rate announced by the Central Bank of the Republic of Turkey on the Official Gazette is taken into consideration .

As of the balance sheet date, the Company has allocated unearned premium reserves in the financial statements amounting to TL 6.398.926.674 (December 31, 2021: TL 1.974.352.886) and reinsurer share for unearned premiums amounting to TL 2.042.046.206 (December 31, 2021: TL 882.070.108). In addition, the share transferred to Social Security Institution for unearned premiums have been TL 191.897.570 (December 31, 2021: TL 55.746.056).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve

Claims are recorded in the year in which they occur, based on reported claims or on the basis of estimates when not reported. Provision for outstanding claims represents the estimate of the total reported costs of notified claims on an individual case basis at the balance sheet date as well as the corresponding handling costs. Incurred but not reported claims ("IBNR") are also provided.

Claims incurred before the accounting periods but reported subsequent to those dates are accepted as incurred but not reported ("IBNR") claims. In accordance with the circular issued by Turkish Treasury dated December 5, 2014 and numbered 2014/16, as of January 1, 2015 selection of data to be used in the calculation of branch-basis, adjusting prices, selection of most appropriate method to be interfere with the development factors are performed by the Company's actuary. Incurred but not reported ("IBNR") calculation methods are Standard Chain, Claim/Premium, Cape Cod, Frequency/Severity, Munich Chain or Bornhuetter Ferguson. The selection of the data to be used on a branch basis will be made by the company actuary by using the actuarial methods to intervene in the development factors and the selection of the most appropriate method and development factors and the adjustment factors and these issues will be detailed in the actuarial report to be submitted to the Republic of Turkey Ministry of Treasury and Finance in accordance with Article 11 of the Actuarial Regulation.

IBNR is used to estimate the amount of provision that should be set aside in the current period based on the historical loss incurred. As of December 31, 2022 and December 31, 2021, the Company has preferred the Standard Chain Method in all branches. In the ACLM table the large loss elimination was made as outlined on September 20, 2010 (Box Plot method). Logarithmic loss distribution in suretyship, watercraft liability, aircraft, fire and natural disasters and aircraft branch was examined and large loss elimination was done according to percentile method and for other branches according to Box Plot method.

	December 31, 2022		December 31, 2021	
	Number of Eliminated Files	Big Claims Threshold	Number of Eliminated Files	Big Claims Threshold
Suretyship	23	1.873.200	17	2.709.717
Aircraft	1	1.289.675	1	1.289.675
Watercraft Liability	4	4.251.146	5	3.087.598
Fire and Natural Disasters	84	3.800.502	81	2.112.296
Total	112		104	

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Following the related circular, IBNR has been calculated gross by Company's actuary using the methods listed below by considering claim periods. For related gross IBNR amounts among the related claim periods net IBNR has been calculated by considering reinsurance rates to register the effect of current reinsurance agreements.

	Using Method	December 31, 2022		December 31, 2021	
		IBNR to Reserve (100% transaction level -Salvaged)	IBNR without accrued salvage (100% level - negative 100%)	IBNR to Reserve (100% transaction level -Salvaged)	IBNR without accrued salvage (100% level - negative 100%)
Motor Vehicles	Standard	(89.917.566)	(219.631.329)	(87.097.544)	(167.477.069)
Water Crafts	Standard	2.725.647	2.725.647	1.422.243	1.422.243
Third Party Liability for Motor Vehicles (MTPL)	Standard	3.275.067.681	3.244.308.295	1.882.007.169	1.863.091.040
Facultative Motor Liability	Standard	100.161.728	91.923.261	51.472.172	50.964.728
Water Crafts Liability	Standard	475.711	391.363	1.452.620	1.452.620
Fire and Natural Disasters	Standard	23.069.338	18.463.146	7.080.311	5.637.365
Accident	Standard	4.945.649	4.890.470	1.985.316	1.985.316
General Losses	Standard	43.429.106	42.894.009	20.184.593	19.759.483
Financial Losses	Standard	7.514.053	7.514.053	2.355.629	2.355.629
Health	Standard	2.373.607	2.373.850	1.365.491	1.365.491
Transportation	Standard	26.787.599	21.618.392	2.507.465	1.027.579
General Liability	Standard	306.286.740	306.286.740	164.384.459	164.384.459
Suretyship	Standard	(1.073.047)	(1.307.909)	421.362	403.114
Legal Protection	Standard	875.830	812.779	495.447	495.447
Total		3.702.722.076	3.523.262.767	2.050.036.733	1.946.867.445

In accordance with the Constitutional Court decision which was published in the Official Gazette dated October 9, 2020 and numbered 31269, the phrase "general conditions" in Article 90 on the compulsory financial liability (traffic insurance) side within the scope of the Highways Traffic Law canceled on the grounds that it is contrary to the Constitution. A detailed analysis of the cancellation decision carried out and this effect reflected in the incurred but not reported compensation amount calculated as of December 31, 2022 and December 31, 2021.

Company has considered the 100% result of IBNR calculation and has reflected TL 3.702.722.076 (December 31, 2021: TL 2.050.036.731) gross and TL 313.935.921 (December 31, 2021: TL 156.120.712) reinsurance share on financial statements. The amounts transferred to the Traffic and General Liability pool for IBNR account are not shown above. As of December 31, 2021 Company has reflected net amount of TL 3.533.330.618 (December 31, 2020: TL 2.445.375.713) outstanding claims reserve on its financial statements.

In accordance with the Provisional Article 12 of the Regulation Amending the Regulation on Tariff Application Principles in Motor Vehicles Compulsory Financial Liability Insurance published in the Official Gazette dated July 11, 2017 and numbered 30121, it has been announced that the Pool of Risky Insurers was established as of April 12, 2017. Accordingly, the amounts calculated for damages received from the pool are included in the IBNR calculation.

Company has separated death and disability compensation with treatment costs according to circular numbered 2011/18, and only treatment costs are included in the calculations made for preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.25. Outstanding Claims Reserve (continued)

Within the scope of third party liability for motor vehicles (MTPL) Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111 and within the scope of Compulsory Third Party Liability Insurance for Road Passenger Transportation and Compulsory Road Passenger Transportation Personal Accident Insurance, for the financial year 2011, for the amount transfer to Social Security Institution for incurred accidents which happened before publishing the law numbered 6111, the factors to use are notified by Republic of Turkey Ministry of Treasury and Finance.

Additional reserve for claims from the pool has been calculated in December 31, 2022 and using 126% (December 31, 2021: 112%) final loss/premium ratio -over 89 base premium- according to Risky Insureds Pool Actuarial Valuation Report on Estimate of Final Loss/Premium Ratio Range which is sent by Turkish Motor Insurers Bureau at December 12, 2022. In addition, in accordance with the Minimum Wage Determination Commission Decision dated 22 December 2022 and numbered 2022/02, the additional cost of the minimum wage amount to be applied between 01.01.2023 - 31.12.2023 for past accident periods was recorded as incurred but not reported reserves as of 31 December 2022.

Within this scope, Company has reflected the notified and calculated amounts to its financial statements which are calculated according to the explanations made in circular numbered 2011/18 before and after the publishing date of the law.

Regarding the law and legislations mentioned above, due to the transfer to SSI, as of December 31, 2022, the Company has TL 117.477.333 (December 31, 2021: TL 28.193.913) liability in short term liabilities due to SSI from treatment costs. As of December 31, 2022 the amount of premium transfer to SSI related with the period after the law is TL 293.212.805 (December 31, 2021: TL 99.649.549).

Regulation related with “Litigious Outstanding Claims” in the scope of “Circular related with the explanations about the calculation of Incurred but Not Reported (IBNR) indemnity provision” numbered 2011/23:

According to the 1st paragraph of 4th item of the Regulation for Reporting of Insurance, Pension and Reinsurance Firms “with this regulation, Company’s activities are accounted in the frame of legislation provisions of Public Oversight Accounting and Auditing Standards Authority for the preparation and presentation of financial statements, except the notifications made by Republic of Turkey Ministry of Treasury and Finance for the topics stated in the second paragraph”. In the 1st paragraph of 6th item of the same regulation balance sheet is defined as “a table which reflects the fiscal and financial position of the Companies at a given period, which shows assets, liabilities and equities of the Company truly and fairly dividing them into active and passive accounts”.

In this framework, for a true presentation of financial statements with the circular numbered 2011/23, for the files in the lawsuit process, provisions should be made evaluating the winning and losing possibilities and for the files in the lawsuit process, deductions to make for which principles are identified.

In accordance with the “Circular No. 2016/22 Amending the Circular No. 2016/22 on Discounting of Net Cash Flows Arising from Outstanding Claims Provisions” dated July 22, 2022 and numbered 2022/22, the discount calculation as of December 31, 2022 has been made by considering the annual rate of 22%. As of December 31, 2022, the Company has calculated the net discount amount against outstanding claims as TL 1.644.125.657 (December 31, 2021: TL 651.116.800, calculated with 14% discount rate).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.26. Equalization provision

In accordance with the Regulation on Technical Reserves, insurance companies are required to record an equalization reserve for the insurance contracts including earthquake and credit coverage, in order to cover the catastrophic risks and in order to equalize the fluctuations within the claim ratios that may occur during the following accounting periods. Such reserve is calculated over 12% of net earthquake and credit premiums corresponding to each year. In the calculation of the net premium, the amounts paid for the non-proportional reinsurance agreements are regarded as ceded premiums. Provisions are made until it meets the 150% of the highest amount of net premium written in the last 5 years.

Following the end of the 5th year, depending the premium production amount under the condition of provision amount is lower than the previous year balance sheet amount, the difference is classified in the other profit reserves under the owner's equity. Related amount which is transferred to equity could be kept as a reserve or may be subject to a capital increase or may be used in the compensation payments.

If the damage occurs, amounts hit the reinsurer and amounts which are under exemption limit can not be deducted from equalization reserve. If there are claims paid due to the commitments given, starting with the provision made 1st year, it is deducted from the provision by using the FIFO method.

Equalization reserves are stated in the accompanying financial statements under the non-current liabilities in the "Other Technical Reserves" account. As of balance sheet date, net TL 86.935.452 (December 31, 2021: TL 55.946.270) equalization reserve is booked.

Following the "Circular About Usage of Equalization Reserve and Additional Explanations for Some Circulars" published by Republic of Turkey Ministry of Finance numbered 2012/1, equalization reserve booked for the related branches for the beginning years, is booked as debit in balance sheet and is booked as credit in Change in Other Technical Provisions account.

2.27. Unexpired Risk Reserves

Within the framework of Regulation on Technical Reserves, as of each balance sheet date, Companies has to make liability adequacy test for the last 12 months, while booking the unexpired risk reserves, due to the possibility of claims and compensations to occur according to the current insurance contracts are higher than the unexpired risks reserves booked for those insurance contracts. While making related test, net unexpired risks reserves amount should be multiplied with the expected net claim premium ratio. Expected net claim premium ratio is calculated by dividing incurred claims (outstanding claims (net) + paid claims (net) - ceded outstanding claims (net)) into earned premium (written premiums (net) + ceded unexpired risks reserve (net) - unexpired risk reserve (net)). While calculating the earned premiums, ceded unexpired risk reserves and commissions paid to intermediaries and deferred portion of commissions received from reinsurer which are stated as net in the unexpired risk reserve of the period are ignored.

In accordance with the Circular No. 2021/31 of Insurance and Private Pensions Regulation and Supervision Agency, published on December 30, 2021, the calculation method of unexpired risk reserves of the Company has been changed as follows:

"The 95% rate used for the calculation method of unexpired risk reserves, which is included in the third paragraph of Article 6 of the Regulation, is used as 100% in the third party liability for motor vehicles (MTPL) branch.

In case the calculation method of unexpired risk reserves, specified in the Circular on the Provision for Ongoing Risks numbered 2019/5 is used, due to the 4th article of the same Circular for the third party liability for motor vehicles (MTPL) branch;

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.27. Unexpired Risk Reserves (continued)

1 If a separate calculation is made for the works where 100% of the direct production is transferred to the pools established in Turkey, the gross damage premium rate used as 100% is 105%, the gross damage premium rate used for other works as 85% is 90%,

2. If a separate calculation is not made for the works where 100% of the direct production is transferred to the pools established in Turkey, the 85% used is used as 90%."

In accordance with the Circular No. 2022/27 of the Insurance and Special Regulation and Supervision Agency dated October 24, 2022, "the best estimate to be made on the basis of underwriting year" has been added to the methods used in the calculation of unexpired risk reserve.

Within the scope of the 2nd paragraph of the 3rd Article of the Circular, the gross loss/premium ratio can be calculated by the insurance companies by including indirect premiums over the total of the last four quarters including the current period, based on the underwriting year. In calculating the amount of incurred losses by the company actuary, the immaturity of the damage development process for the underwriting year in terms of policies written in the last year is also taken into account within the framework of the best estimation principles.

Within the scope of Article 3, Paragraph 6 of the Circular, the amounts of the indirect premiums related to the works in which 100% of production is transferred to the pools established in Turkey are not included in the loss premium calculation of direct premiums. Since the liabilities of the companies regarding these productions arise only from the indirect production, the calculation is made separately from the other production of the branch, taking into account only the indirect productions and damages and other income and expense items in this line of business, so as to determine the actual liability of the company for these businesses."

In accordance with relevant regulation, in Third Party Liability for Motor Vehicles line of business, in order to balance fluctuations caused by the effects of the additional premium increases made in 2022 and the effects of retrospective damage cost increases, "Underwriting Year" is used in stead of "Accident Year" in the calculation of best estimate loss/premium ratio calculations.

Accordingly, as of the reporting date, the Company has accounted for reserve for gross unexpired risk amounting to TL 57.140.109 (December 31, 2021: TL 101.030.613) and TL 56.028.810 for reinsurance share of unexpired risk (December 31, 2021: TL 59.635.998).

The Company has calculated the provision for continuing risks under the Circular on Amendments to the calculation of provisions for ongoing risks with the number 2012/15; Under the Insurance Law no. 5684, calculation made in accordance with all main branches in the Insurance Uniform Chart of Accounts determined by the Ministry of Treasury and Finance.

In the Circular on Continuing Risks Provision No: 2022/27, dated November 24, 2022, published by the Insurance and Private Pensions Regulation and Supervision Agency, "Inflation, exchange rate, minimum wage increase and In case of significant fluctuations due to unforeseen changes in similar matters, it is possible to make adjustments by taking into account the best estimation principles by the company actuarial, in order to reflect the results of each quarter within itself, in order to eliminate the misleading effect of this fluctuation, provided that it has an actuarial basis. In accordance with the provisions of the Law, adjustments have been made to the best estimation principles in order to eliminate the misleading effects creating fluctuations for the loss premium rate calculation subject to the December 31, 2022 DERK calculation. Accordingly, as a result of the related adjustment, a positive effect of TL 166.541.001 after net tax has occurred.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.27. Unexpired Risk Reserves (continued)

	December 31, 2022			December 31, 2021	
	C/P	Gross	Net	Gross	Net
Suretyship	322%	42.180.571	457.090	-	-
Financial Losses	170%	12.600.603	488.733	-	-
Water Crafts	108%	2.358.935	165.476	5.938.394	773.575
Third Party Liability for Motor Vehicles (MTPL)		-	-	87.389.977	39.355.047
General Liability		-	-	7.702.244	1.265.993
Total		57.140.109	1.111.299	101.030.615	41.394.615

2.28. Related Parties

Parties are considered related to the Company if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

As an aim of the financial statements partners, upper level managers and board of directors, affiliates controlled by themselves and their family or affiliated companies to themselves, participations and jointly controlled entities are accepted as related parties.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

2. Summary of Significant Accounting Policies (continued)

2.29. Earnings per Share

Earnings per share is calculated by dividing net profit for the period into weighted average unit share of the Company. Firms in Turkey, by distributing at the share rate of actual shareholders may increase share capital ("No-par shares") from retained earnings. In the calculation of earnings per share, no-par shares are determined as issued shares.

2.30. Events After Reporting Date

As of the end of the Company's reporting period, events after reporting period which gives additional information of Company's financial position (events occurred after reporting period and which need to be adjusted) are reflected to financial statements. Significant events occurred after reporting period and not needed to be adjusted are explained in the disclosures.

3. Significant Accounting Estimates and Requirements

The preparation of financial statements requires the use of estimates and assumptions which define possible liability and commitments as of balance sheet date and income and expenses for the period ended. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. Estimates are reviewed regularly and changes are made in the profit and loss accordingly. Major accounting estimates made by the Company are related with outstanding claim reserves and other technical reserves and impairment of assets, and these estimates and assumptions are disclosed in the notes. Further, significant estimates used in preparation of financial statements as follows.

Benefits Provided to Employees

The Company has calculated and accounted employment termination benefit in the accompanying financial statements using actuarial estimations. As of December 31, 2022, Company's employment termination benefit is TL 21.314.982 (December 31, 2021: TL 7.505.899).

Doubtful Receivables from Main Operations

Company has made allowance for doubtful receivable amounted TL 9.732.323 (December 31, 2021: TL 32.289.110) on its financial statements ended as of December 31, 2022, for receivables under the executive and legal follow-up phase from insurance companies and intermediaries. Besides, Company has made provision amounted TL 16.101.486 (December 31, 2021: TL 7.496.472) for receivables from insurance operations which are not under legal follow-up but Company believes that receivables are not collectible.

Subrogation Receivables

As of December 31, 2022, Company has booked net subrogation receivables amounted TL 263.310.570 (December 31, 2021: TL 193.451.827) according to the accrual basis for the subrogation receivables under legal and execution phase and for the not confirmed personal subrogation receivables before allowance for doubtful receivable (after deducting the reinsurance share).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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3. Significant Accounting Estimates and Requirements (continued)

Outstanding Claim Reserve

When calculating the outstanding claims reserve, many estimates and provisions, as well as definitive evidence such as experts, expert opinions, consultant views are applied. It may take a long time for the amount of outstanding claims to reach the definitive end. For this reason, actuarial chain ladder method is used to calculate the outstanding claim reserve based on the experience of the Company in previous years. In the past years, the development of the damage has been used in the calculation of future damage amounts. This calculation is based on the development of the claims paid, the average amount of compensation per claim in the past, the number of past claims and the expected loss/premium ratio. In accordance with the Technical Reserves Regulation, as of September 30, 2010, the basis of the application of actuarial chain ladder methods determined by the Republic of Turkey Ministry of Treasury and Finance for the fiscal period is calculated but the unreported compensation amount is calculated. The difference between the accrued and provisioned outstanding claims provision and the selected actuarial chain ladder method is realized but not reported.

In addition, in the branches where the actuary has performed major damage dismantling, the next year qualification difference calculation is performed for the big damages that are extracted. Major damage elimination is calculated in accordance with the "F-Major Damage Article" of the General Assembly dated December 5, 2014 and numbered 2014/16 issued by the Republic of Turkey Ministry of Treasury and Finance. Major Damage Elimination Branches are Land Vehicles, Traffic, Fire and Natural Disasters, Water Vehicles Liability, General Losses, Financial Losses, General Liability, Direct Surety and Optional Financial Liability.

As of December 31, 2022, Company's net outstanding claims reserve is TL 3.533.330.618 (December 31, 2021: TL 2.445.375.713).

Deferred Tax

When determining the deferred tax assets, various estimations and evaluations are used. As of December 31, 2022, the Company has calculated and booked deferred tax asset amounted TL 269.676.509 (December 31, 2021: TL 185.638.691).

4. Insurance and Financial Risk Management

4.1. Insurance Risk Management

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Risk is incidental due to the nature of the insurance process. The most basic risk in insurance contracts is the possibility of realized claims and rights and benefits provided to policyholders are realized above the technical provisions in the financial statements made for insurance contracts.

In every field and stage of insurance operations the definition of risk is made clearly and risk is abolished, possibilities of risks under control or to be insurable should be examined comprehensively.

First condition to manage risk is being able to define the risk. Basic risk fields to manage in Insurance Operations by Company are identified as follows:

- Insurable assets
- Pricing models, tariff structure
- Reinsurance
- Optimum conservation
- Claim costs
- Intermediaries
- Insurance contract provisions

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk Management (continued)

The most significant resource to manage the risk is the convenience of the data for analyzing which is produced by Company's operations (premium production resources, client, policy, product, branch, commitment, claim file, numbers, premiums etc.).

Risk, in essence is a variable factor, therefore it is vital for Companies to follow the development of risk down to the last detail and form and/or direct strategies according to risk. To manage risk, essential point is to set up and activate internal control mechanisms for the identification of risk areas and points. For this purpose, Company primarily has formed committees for risks for which they regard as significant. Agency Risk Tracing Committee, Pricing and Watching Tariffs Committee, Claim and Risk Acceptance Basics Committee are the main committees formed for risk management.

Insurable Assets

In insurance, segmentation is crucial for the identification of insurable assets. As it is prescribed by the law, segmentation by branches, is not enough for the definition of risk. Defining various factors separately by Company via the systems maintain meaningful connections like client, client's insurance demands, operation type, locality, external factor, past statistics, possible damage volume and frequency, insurable securities and assets become convenient for pricing. In this stage today's communication platforms and technological advances enable to make faster and more accurate definitions.

In addition to these, during insurance of Small and Middle-Sized Enterprises ("SME") and industrial risks, risk acceptance and expertise evaluation criterias should be identified clearly and should put down in black and white. Criteria for the acceptance of this kind of significant risks must be convenient with the scope of reinsurance contracts made.

Pricing Models, Tariff Structure

Most important resource for to create the price of an insurance product is the past statistics. By using the advanced technology, the accuracy of statistical data, security, entrance to the system convenient for creating price and tariff and becoming meaningful information in the data set become possible. For this purpose, the Company has made software investment in 2008. By this investment detailed analysis can be made on the basis of distribution channel, risk location, style of use, client and policy. By this analysis damage frequency and violence modeling systems and tariff and pricing process are implemented much more sensitively. With the developments in planning and reporting fields, the effect of analysis of Company's premium production for current and previous year to period end and future periods can be made via using current data and projected assumptions.

Reinsurance

Company is under risk due to assets taken under insurance commitment. By considering the qualification (risk size, risk possibility) of insurance assets and Company's equity power, Company transfers some part of risks taken on to reinsurers via made agreements. After this transfer, while Company is sharing the obtained premiums with transfer rate to reinsurer, Company takes commission over it and shares the claim liability that it has to endure with same transfer rate to reinsurer too.

The power of the reinsurer that Company has made agreement for risk sharing, dependency of the matters that put sides under obligation, criteria to transfer reinsurer (which kind of risks, commission to receive, payment dates etc.) are determined as the significant risk areas in this matter.

Company transfer the risks as part of the proportional reinsurance agreements with surplus and quota-share treaties by branches. For the business which exceeds treaty capacities varies for different branches, facultative reinsurance is practiced by technical units.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk Management (continued)

The reinsurers who worked mostly and their last credit ratings are as follows:

Reassurer	Standard & Poors			AM Best		
	Grading	Appearance	Date	Grading	Appearance	Date
Millî Re	trBBB-	-	April 25, 2022	C	Negative	September 22, 2022
Sompo Japan Insurance Inc.	A+	Stationary	April 25, 2022	A+	Stationary	September 16, 2022
Mapfre Re	A+	Stationary	July 21, 2022	A	Stationary	October 19, 2022
Munich Re	AA-	Stationary	May 31, 2022	A+	Stationary	July 27, 2022
Everest Re	A+	Stationary	May 20, 2022	A-	Stationary	June 15, 2022
QBE	A+	Stationary	May 31, 2022	A	Stationary	April 7, 2022

Optimum Conversation

Some of the risks that Company decided to adopt are valid which is similar to the risk emerged during the reinsurance plan matter. For the risks which is under its conservation, Company purchases protection in definite criterias ("XL") too. Company management believes that Company's data set's (statistics) quality helps the right evaluation of these data and the determination of optimum conservation level.

Claim Costs

Claim costs is the Company's main expense factor. From the risk standpoint, alongside it's a direct cash outflow factor, due to the obligation of compensating the victimization of insured, every process from the notification of claim to the payment of claim should be divided into risk areas and should be followed. Claim handling costs are settled down to every claim has reached to its real compensation amount and to provide that every claim has been paid to right person or institution. During this process, arrangement of insurance policy, client, insured assets, quality of claim, expertise, elimination of claim, spare parts and labor etc. and other expense items are the risk and cost factors and they directly affect the technical results of the Company. Company follows the relevant risk related with claim costs via Claim and Risk Acceptance Basics Appraisal Committee.

Intermediaries

Company realizes significant part of premium production from insurance intermediaries (agency, broker, banks etc.). Authorities of policy issuance and premium collections of intermediaries are transferred authorities from insurance companies. From the selection of risk and client to offer right price, on the other hand from incurred claims to collection of premium on time the senility that Companies are responsible to show is to be expected from agencies too. However, Company makes the controls whether authorized agencies rule their operations or not convenient with Company's policy, via analyzing the collected data by agency.

At the same time, in order to manage receivable transfer risk accurately, proper commitments are taken by agency and it is practiced to increase the application of direct collection systems.

Insurance Contract Provisions

Company makes provisions for not yet due, not certain debts and liabilities and even if it has not occurred per statistics income and expense factors that may bring right and/or liability. The primary objective here is, Company's responsibilities to government, clients, partners and shareholders are convenient with laws and they are accurately stated in financial statements and Company's books.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.1. Insurance Risk Management (continued)

Insurance Contract Provisions (continued)

It is a significant risk that the technical provisions booked are not entirely enough to meet Company's liabilities. In this context, with the regulations it made legal authority has clearly stated that insurance companies have to book the reserves that they need to make provisions are calculated standard and accurately. In order to eliminate those risks, Company make practices for management of all risk areas oriented to provide the security and accuracy of the data used and decent and fast practice of management reporting system.

4.2. Financial Risk Management

Introduction and Overview

This note shows the risks that Company is exposed to each one of stated below, accordingly Company's policy, procedures and aims in order to manage and measure its risks and information about capital management. Company is exposed to the below risks emerged due to the usage of financial instruments.

- credit risk
- liquidity risk
- market risk

Whole responsibility belongs to the Board of Directors during the establishment and supervision of structure of risk management. Board of Directors manages the effectiveness of risk management system via Company's internal audit department.

Company's risk management policies are established in order to, identify and analyze the risks that Company faces, determine the risk limits and controls, follow the risks and convenience of them to the defined limits. Risk management policy and systems are reviewed regularly the way that they reflect the changes in products and services presented and market conditions. Company aims to develop a disciplined and constructive control environment that every employee understands their duty and responsibilities via education and management standards.

Credit Risk

Credit risk is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The balance sheet items that the Company is exposed to credit risks are as follows:

- cash and cash equivalents
- held-to-maturity financial assets
- premium receivables from policyholders
- receivables from intermediaries
- receivables from reinsurance companies related to commissions and claims paid
- reinsurance shares of insurance liability
- receivables from related parties
- other receivables

The Company's financial assets, which are subject to credit risk are generally composed of domestic government bonds and time and demand deposits kept in banks and other financial institutions in Turkey and such receivables are not deemed to have high credit risk.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Credit Risk (continued)

Most common method to manage insurance risk is to make reinsurance contract. However, the transfer of insurance risk via insurance contract does not remove the liability of first insurer Company. If reinsurance firm does not pay the claim, Company's responsibility against policyholder continues. Company evaluates the reliability of reinsurance firm by investigating the financial position of the related firm before the yearly contract made and by regarding the compensation payment performance of the firm.

As of December 31, 2022 and December 31, 2021, net book value of the assets that is exposed to credit risk are shown in the table below:

	December 31, 2022	December 31, 2021
Cash and cash equivalents (Note 14)	2.013.719.168	1.357.294.397
Receivables from main operations (Note 12)	1.994.811.069	1.042.614.318
Reinsurers share in outstanding claims reserve (Note 10), (Note 17)	2.266.196.890	1.304.892.325
Financial Assets (Note 11)	6.242.823.910	4.180.013.668
Other receivables (Note 12)	139.678.983	19.189.904
Due from related parties (Note 12)	3.179.791	2.534.704
Total	12.660.409.811	7.906.539.316

As of December 31, 2022 and December 31, 2021, the aging of the receivables from main operations and reserved provisions are as follows:

	December 31, 2022		December 31, 2021	
	Gross Amount	Provision	Gross Amount	Provision
Not past due	1.676.654.696	-	976.693.707	-
Past due 0-30 days	201.287.160	-	29.581.054	-
Past due 31-60 days	105.540.387	-	30.833.121	-
Past due 61-180 days	44.994.662	(34.658.608)	11.191.854	(6.878.191)
Past due 181-365 days ⁽¹⁾	16.254.003	(16.254.003)	22.037.342	(22.037.342)
Past due over 1 year	6.363.251	(5.370.479)	21.175.826	(19.983.053)
Provision for Doubtful Subrogation Receivables from Main Operations	263.310.570	(263.310.570)	193.451.827	(193.451.827)
Total	2.314.404.729	(319.593.660)	1.284.964.731	(242.350.413)

⁽¹⁾ In accordance with the Republic of Turkey Ministry of Treasury and Finance's letter numbered B.02.1.HM.O.SGM.0.31/01/05 and dated February 3, 2005, if subrogation transactions are carried out through lawsuit/enforcement, the related amounts are followed in the doubtful receivables from main operations account in the financial statements. And also the same amount of doubtful receivables are set aside. As of December 31, 2022 and December 31, 2021, the Company also recognizes and makes provisions for its subrogation and salvage income in accordance with the principles set out in the circular dated September 20, 2010 and numbered 2010/13 of the Ministry of Treasury and Finance.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Credit Risk (continued)

The movements of provision for receivables from insurance operations are as follows:

	December 31, 2022	December 31, 2021
Provision for receivables from insurance operations at the beginning of the period	242.350.413	186.595.855
Provisions for agency receivables during the period	(13.951.774)	26.547.800
Provisions for subrogation and salvage receivables during the period	91.195.021	29.206.758
Provision for receivables from insurance operations at the end of the period	319.593.660	242.350.413

Liquidity Risk

Liquidity is the risk that the Company's struggle to perform its obligations which is arised from financial liabilities.

Management of liquidity risk

To avoid liquidity risk, maturity match between the assets and liabilities are considered, liquid assets are conserved in order to meet liquidity need completely.

As of December 31, 2022 and 2021 remaining maturity distribution of monetary assets and liabilities are;

December 31, 2022	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	2.013.719.168	954.111.904	1.059.607.264	-	-	-
Financial assets	6.242.823.910	851.242.959	2.371.288.896	39.988.992	318.955.736	2.661.347.327
Receivables from main operations	1.994.811.069	643.188.222	365.798.011	866.220.495	98.729.193	20.875.148
Receivables from related parties	3.179.791	3.179.791	-	-	-	-
Other receivables	139.678.983	139.678.983	-	-	-	-
Total monetary assets	10.394.212.921	2.591.401.859	3.796.694.171	906.209.487	417.684.929	2.682.222.475
Financial liabilities	9.245.979	5.767.100	-	-	-	3.478.879
Payables from main operations	887.089.794	348.942.880	360.481.409	163.331.503	14.334.002	-
Due to related parties	242.063	242.063	-	-	-	-
Other liabilities	178.887.457	108.390.333	70.497.124	-	-	-
Insurance technical provisions	3.533.330.618	198.875.036	397.750.073	277.400.197	414.496.692	2.244.808.620
Tax and other similar liabilities and provisions for them	134.182.423	134.182.423	-	-	-	-
Provisions related with other risks	89.126.993	89.126.993	-	-	-	-
Total monetary liabilities	4.832.105.327	885.526.828	828.728.606	440.731.700	428.830.694	2.248.287.499
Net monetary position	5.562.107.594	1.705.875.031	2.967.965.565	465.477.787	(11.145.765)	433.934.976

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Liquidity Risk (continued)

Management of liquidity risk (continued)

December 31, 2021	Carrying amount	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 1 year
Cash and cash equivalents	1.357.294.397	993.366.817	363.927.580	-	-	-
Financial assets	4.180.013.668	729.369.546	246.600.747	797.009.454	680.969.859	1.726.064.062
Receivables from main operations	1.042.614.318	565.885.362	152.561.359	284.046.919	29.207.123	10.913.555
Receivables from related parties	2.534.704	2.534.704	-	-	-	-
Other receivables	19.189.904	19.189.904	-	-	-	-
Total monetary assets	6.601.646.991	2.310.346.333	763.089.686	1.081.056.373	710.176.982	1.736.977.617
Financial liabilities	827.525.473	822.307.310	-	-	-	5.218.163
Payables from main operations	418.329.497	249.429.346	132.290.923	36.609.228	-	-
Due to related parties	85.295	85.295	-	-	-	-
Other liabilities	64.348.225	36.815.986	27.532.239	-	-	-
Insurance technical provisions	2.445.375.713	87.880.092	175.760.181	121.971.872	192.744.558	1.867.019.010
Tax and other similar liabilities and provisions for them	155.657.197	23.761.216	131.895.981	-	-	-
Provisions related with other risks	41.458.954	41.458.954	-	-	-	-
Total monetary liabilities	3.952.780.354	1.261.738.199	467.479.324	158.581.100	192.744.558	1.872.237.173
Net monetary position	2.648.866.637	1.048.608.134	295.610.362	922.475.273	517.432.424	(135.259.556)

Market Risk

Market risk is the risk that changes might happen in interest rate and currency rates may affect the Company's income or the value of financial assets that Company holds. The purpose of managing the market risk is to control of market risk amount is at acceptable parameters by optimizing the risk profitability.

Currency Risk

Company is exposed to the currency risk due to insurance and reinsurance operations made indexed to foreign exchange.

Foreign exchange gains and losses arised from foreign currency transactions are booked in records in the period which process is taken place. At the end of the period, amount of foreign currency active and passive accounts are valued using the T.C. Central Bank's buying rate of exchange and converted to TL and exchange differences occurred are reflected to books as a foreign exchange gain or loss.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Market Risk (continued)

The details of currency risk that Company is exposed to be is listed in the table below:

December 31, 2022	USD	Euro	Other Currencies	Total
Cash and cash equivalents	10.521.982	94.396.836	311.438	105.230.256
Financial assets	1.796.879.559	-	-	1.796.879.559
Receivables from main operations	412.533.478	360.435.046	2.274.452	775.242.976
Total foreign currency assets	2.219.935.019	454.831.882	2.585.890	2.677.352.791
Payables from main operations	62.508.420	57.349.846	1.056.139	120.914.405
Insurance technical provisions	18.530.459	10.429.925	100.048	29.060.432
Other payables	15.946.891	4.528.955	-	20.475.846
Total foreign currency liabilities	96.985.770	72.308.726	1.156.187	170.450.683
Balance sheet position	2.122.949.249	382.523.156	1.429.703	2.506.902.108
December 31, 2021	USD	Euro	Other Currencies	Total
Cash and cash equivalents	563.061.185	81.684.374	275.771	645.021.330
Financial assets	2.667.231.660	287.462.749	-	2.954.694.409
Receivables from main operations	213.456.690	256.882.501	1.767.572	472.106.763
Total foreign currency assets	3.443.749.535	626.029.624	2.043.343	4.071.822.502
Payables from main operations	32.243.734	67.225.077	775.781	100.244.592
Insurance technical provisions	8.317.016	5.223.137	57.764	13.597.917
Financial liabilities	1.654.707.849	340.286.794	-	1.994.994.643
Other payables	9.590.707	3.276.661	-	12.867.368
Total foreign currency liabilities	1.704.859.306	416.011.669	833.545	2.121.704.520
Balance sheet position	1.738.890.229	210.017.955	1.209.798	1.950.117.982

In order to evaluate the table above related foreign currency amounts are converted to TL.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Market Risk (continued)

Currency Risk (continued)

As of the end the of reporting period currency rates used to convert to foreign currencies are listed below:

	USD	Euro
December 31, 2022	18,6983	19,9349
December 31, 2021	13,3290	15,0867

Exposure Rate Risk

Due to the possibility of TL's 10% value decrease against currencies below, as of the period ended at December 31, 2022 and 2021 increase/(decrease) to be stated in equity and income statement (net of deferred tax) is shown in the table below. This analysis is prepared assuming that all other variables, especially interest rates remained stable. If TL's value increases 10% against related currencies the effect will be at the same amount but with reverse direction.

	December 31, 2022		December 31, 2021	
	Income Statement	Equity ^(*)	Income Statement	Equity ^(*)
USD	212.294.925	212.294.925	173.889.023	173.889.023
Euro	38.252.316	38.252.316	21.001.796	21.001.796
Other	142.970	142.970	120.980	120.980
Total, net	250.690.211	250.690.211	195.011.799	195.011.799

^(*) Equity effect also includes profit or loss effect of 10% depreciation of TL against related currencies.

Exposure Interest Rate Risk

The risk that available for sale financial instrument portfolios face is the fluctuation in the market value of financial instruments as a result of the changes in interest rates. The basic risk that not available for sale financial instrument portfolios experience is the loss which will emerge due to the fluctuation that will occur in the upcoming cash flows and the decrease in fair value of financial instruments, as a result of the changes in interest rates in the market. Management of interest rate risk is made by following the interest rate margin and determining the previously approved limits for repricing bands.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Exposure Interest Rate Risk (continued)

As of December 31, 2022 and 2021, interest profile of Company's interest yield and not interest yield financial assets and liabilities are detailed in the table below:

	December 31, 2022	December 31, 2021
<i>Financial assets with fixed interest rates:</i>		
Bank deposit (Note 14)	543.082.755	718.098.551
Financial assets held-to maturity (Note 11)	-	2.954.694.409
Available for sale financial assets (Note 11)	2.977.747.734	1.077.016.993
Financial Assets held for trading (Note 11)	2.359.237.715	-
<i>Variable interest financial assets</i>		
Available for sale financial assets	261.096.048	148.302.266
Financial Assets held for trading (Note 11)	644.742.413	-

Interest rate sensitivity of the financial instruments

Interest sensitivity of income statement is the effect of net interest income to the change of interest rate in assumed defiances below, as of at the end of the years of December 31, 2022 and 2021, fair value of financial assets that their fair value differences are reflected to profit or loss, variable interest not available for sale financial assets and liabilities. During this analysis, other variables, especially the currency rates are assumed as stable.

December 31, 2022	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	17.299.942	(18.739.538)	(17.299.942)	18.739.538
Total financial assets	17.299.942	(18.739.538)	(17.299.942)	18.739.538

December 31, 2021	Income Statement		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Available for sale financial assets	3.720.484	(3.890.903)	(3.720.484)	3.890.903
Total financial assets	3.720.484	(3.890.903)	(3.720.484)	3.890.903

Level 1: Registered (unadjusted) prices in the active market for identical assets and liabilities;

Level 2: Directly (via prices) or by implication (by deriving from prices) observable data except the registered prices for assets and liabilities which taken part in the 1st level;

Level 3: The data (not observable data) related to the assets and liabilities which does not depend on the observable market data;

Classification requires that the usage of observable market data if it is applicable.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Interest rate sensitivity of the financial instruments (continued)

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	2.011.778.060	1.227.065.722	-	3.238.843.782
Financial Assets held for trading (Note 11)	549.769.318	2.454.210.810	-	3.003.980.128
Total Financial Assets	2.561.547.378	3.681.276.532	-	6.242.823.910
December 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets:				
Available for sale financial assets (Note 11)	381.925.200	843.394.059	-	1.225.319.259
Total Financial Assets	381.925.200	843.394.059	-	1.225.319.259

Capital Management

Company's major capital management policies are stated below:

- To adapt the capital adequacy conditions determined by Republic of Turkey Ministry of Treasury and Finance
- By ensuring the Company's sustainability providing permanent returns to shareholders and partners
- By determining the price of insurance policies in proportion with received insurance risk level, providing sufficient return to shareholders.

The Capital Adequacy of the Company is calculated within the framework of the Regulation on the Measurement and Assessment of the Capital Adequacy of Insurance and Reinsurance Companies and Pension Companies, which is published and published in the Official Gazette dated August 23, 2015 and numbered 29454. As of December 31, 2022, Company's minimum required equity capital amount calculated is TL 1.789.955.928 (December 31, 2021: TL 1.075.611.695). As of December 31, 2022, Company's equity capital is TL 719.843.980 (December 31, 2021: TL 1.044.627.582) more than minimum required equity capital amount.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

4. Insurance and Financial Risk Management (continued)

4.2. Financial Risk Management (continued)

Gains and losses arised from financial assets

	December 31, 2022	December 31, 2021
Foreign exchange gains	953.757.035	1.597.165.826
Income gained from financial investments	721.925.844	263.374.842
Income gained from derivative transactions	13.018.812	35.871.842
Valuation of financial assets	194.876.335	1.002.293
Incomes of subsidiaries	423.464	233.802
Other income	475.186	-
Gains obtained from financial assets	1.884.476.676	1.897.648.605
Loss from disposal of financial assets	(178.451.495)	(645.738.659)
Foreign exchange losses	-	(420.750.234)
Losses obtained from financial assets	(178.451.495)	(1.066.488.893)
Financial gains and losses recognized in income statement, net	1.706.025.181	831.159.712

5. Segment Information

A segment is a severable part of Company's product or service production (operating segments) or economic environment (geographical section) in which risk and benefits of products and services produced may be distinguished from other segments.

Scope segments: As of the end of the reporting period, since the Company carries operations in the non-life insurance field which is followed as a sole reporting section, segment reporting is not presented.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

6. Tangible Fixed Assets

Movement of tangible fixed assets between the periods of January 1 - December 31, 2022 and January 1 - December 31, 2021 are as follows:

	January 1, 2022	Additions	Transfer	Disposals	December 31, 2022
Cost:					
Investment Properties (Note 7)	3.012.818	5.000	-	(133.100)	2.884.718
Owner Occupied Property	190.667.445	2.949	1.063.888	-	191.734.282
Furniture and Fixtures	47.259.277	16.502.754	-	(84.372)	63.677.659
Motor Vehicles	888.638	2.960.000	-	-	3.848.638
Other Tangible Assets (including leasehold improvements)	3.872.777	99.805	-	-	3.972.582
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets ⁽¹⁾	13.308.895	3.380.327	-	-	16.689.222
Advances on tangible fixed assets	-	1.137.403	(1.063.888)	(73.514)	1
	259.082.659	24.088.238	-	(290.986)	282.879.911
Accumulated depreciation:					
Investment Properties (Note 7)	(293.603)	(52.765)	-	7.986	(338.382)
Owner Occupied Property	(4.210.078)	(2.801.153)	-	-	(7.011.231)
Furniture and Fixtures	(22.810.338)	(8.670.658)	-	66.769	(31.414.227)
Motor Vehicles	(396.174)	(435.586)	-	-	(831.760)
Other Tangible Assets (including leasehold improvements)	(1.810.027)	(706.259)	-	-	(2.516.286)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets ⁽¹⁾	(4.348.413)	(3.924.361)	-	-	(8.272.774)
	(33.941.442)	(16.590.782)	-	74.755	(50.457.469)
Net book value	225.141.217				232.422.442

⁽¹⁾All of right-of-use assets consists vehicles as of December 31, 2022 and 2021

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

6. Tangible Fixed Assets (continued)

	January 1, 2021	Additions	Transfer	Disposals	December 31, 2021
Cost:					
Investment Properties (Note 7)	3.012.818	-	-	-	3.012.818
Owner Occupied Property	128.759.019	20.461	61.887.965	-	190.667.445
Furniture and Fixtures	32.035.533	17.356.538	425.435	(2.558.229)	47.259.277
Motor Vehicles	888.638	-	-	-	888.638
Other Tangible Assets (including leasehold improvements)	13.191.597	994.070	-	(10.312.890)	3.872.777
Fixed assets obtained via leasing	72.809	-	-	-	72.809
Right-of-use assets ⁽¹⁾	12.774.955	2.065.572	-	(1.531.632)	13.308.895
Advances on tangible fixed assets	1.792.220	60.718.669	(62.313.400)	(197.489)	-
	192.527.589	81.155.310	-	(14.600.240)	259.082.659
Accumulated depreciation:					
Investment Properties (Note 7)	(240.303)	(53.300)	-	-	(293.603)
Owner Occupied Property	(2.103.931)	(2.106.147)	-	-	(4.210.078)
Furniture and Fixtures	(18.509.242)	(6.190.794)	-	1.889.698	(22.810.338)
Motor Vehicles	(217.296)	(178.878)	-	-	(396.174)
Other Tangible Assets (including leasehold improvements)	(9.642.734)	(1.121.100)	-	8.953.807	(1.810.027)
Fixed assets obtained via leasing	(72.809)	-	-	-	(72.809)
Right-of-use assets ⁽¹⁾	(1.255.947)	(4.509.843)	-	1.417.377	(4.348.413)
	(32.042.262)	(14.160.062)	-	12.260.882	(33.941.442)
Net book value	160.485.327				225.141.217

⁽¹⁾All of right-of-use assets consists vehicles as of December 31, 2022 and 2021.

Revaluation is not applied over tangible fixed assets.

There is not any change in depreciation calculation method in the current period.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

7. Investment Properties

As of balance sheet date, details of investment properties as follows:

	December 31, 2022	December 31, 2021
	Book value	Book value
İzmir Konak -Building	556.520	556.520
İzmir Karşıyaka- Building	416.320	416.320
Malatya - Office	51.294	46.294
Konya - Karatay, Land	6.930	6.930
Heybeli Ada-House	749.023	749.023
İzmir Bornova- Building	523.603	523.603
Sapanca	240.150	240.150
Bilecik Land	23.400	23.400
Fon Sg Land	317.478	317.478
Kartal Building	-	133.100
Total	2.884.718	3.012.818
Accumulated depreciation	(338.382)	(293.603)
Net book value	2.546.336	2.719.215

Rent income gained from investment properties is TL 613.421 during the period (December 31, 2021: TL 94.163).

8. Intangible Fixed Assets

Movements of intangible fixed assets between the periods of January 1 - December 31, 2022 and January 1 - December 31, 2021 are as follows:

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Other intangible fixed assets	48.246.425	30.939.715	-	79.186.140
	48.246.425	30.939.715	-	79.186.140
Accumulated depreciation:				
Other intangible fixed assets	(35.840.266)	(23.679.526)	-	(59.519.792)
	(35.840.266)	(23.679.526)	-	(59.519.792)
Carrying Amount	12.406.159			19.666.348
	January 1, 2021	Additions	Disposals	December 31, 2021
Cost:				
Other intangible fixed assets	36.258.387	11.988.038	-	48.246.425
	36.258.387	11.988.038	-	48.246.425
Accumulated depreciation:				
Other intangible fixed assets	(24.118.835)	(11.721.431)	-	(35.840.266)
	(24.118.835)	(11.721.431)	-	(35.840.266)
Carrying Amount	12.139.552			12.406.159

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

9. Investments in Associates

	December 31, 2022		December 31, 2021	
	Registered Value	Share rate %	Registered Value	Share rate %
Tarım Sig. Havuz İřlt. A.ř.	1.221.495	4,17	875.420	4,34
Associates, net	1.221.495		875.420	

10. Reinsurance Assets and Liabilities

Reinsurance assets and liabilities of Company's cedent business title as a result of the current reinsurance agreements are showed detailed in the table below:

Reinsurance assets	December 31, 2022	December 31, 2021
Reinsurer's share of outstanding claim reserve (Note 17)	2.266.196.890	1.304.892.325
Reinsurer's share of unearned premiums reserve (Note 17)	2.233.943.776	937.816.163
Reinsurer's share of equalization reserve (Note 17)	298.771.451	194.050.923
Receivables from reinsurance firms (Note 12)	120.291.312	38.501.106
Reinsurer's share of unexpired risks reserve (Note 17)	56.028.810	59.636.000
Total	4.975.232.239	2.534.896.517

There is not recognized impairment related with reinsurance assets.

Reassurance Liabilities	December 31, 2022	December 31, 2021
Payables to reinsurance firms, net (Note 19)	646.564.302	243.333.183
Deferred commission income (Note 19)	404.471.134	174.305.748
Total	1.051.035.436	417.638.931

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

10. Reinsurance Assets and Liabilities (continued)

Gains and losses which recognized in the income statement according to the Company's reinsurance agreements are shown in the table below:

	December 31, 2022	December 31, 2021
Ceded premiums to reinsurer in the current period	(3.690.723.499)	(1.597.753.420)
Reinsurer's share of unearned premiums reserve at the beginning of the year	(937.816.163)	(710.390.233)
Reinsurer's share of unearned premiums reserve at the end of the year	2.233.943.776	937.816.163
Earned reinsurer premiums	(2.394.595.886)	(1.370.327.490)
Reinsurer share of claims paid in the current period (Note 17)	1.432.804.064	655.116.049
Reinsurer share of outstanding claims reserve at the beginning of the year (Note 17)	(1.304.892.325)	(776.078.059)
Reinsurer share of outstanding claims reserve at the end of the year (Note 17)	2.266.196.890	1.304.892.325
Reinsurer's share in claims (Note 17)	2.394.108.629	1.183.930.315
Accrued commission income in the period from reinsurers (Note 32)	666.267.300	292.442.176
Deferred commission income at the beginning of the year (Note 19)	174.305.748	121.173.819
Deferred commission income at the end of the year (Note 19)	(404.471.134)	(174.305.748)
Commission income earned from reinsurers (Note 32)	436.101.914	239.310.247
Change in unexpired risk reserves, reinsurer share (Note 17)	(3.607.190)	35.845.024
Change in equalization reserve, reinsurer share (Note 17)	104.720.528	47.203.456
Total, net	536.727.995	135.961.552

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

11. Financial Assets

As of December 31, 2022 and 2021, the details of the Company's financial assets are as follows:

December 31, 2022				
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond - TL	174.951.898	234.522.835	400.729.757	400.729.757
Private sector bond - TL	950.230.000	965.313.703	1.041.234.467	1.041.234.467
Government Bond - FCY	1.663.681.243	1.666.206.274	1.611.048.302	1.611.048.302
Private sector bond - FCY	196.332.150	174.309.091	185.831.256	185.831.256
Available for sale financial assets	2.985.195.291	3.040.351.903	3.238.843.782	3.238.843.782
December 31, 2021				
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Government Bond - TL	339.500.000	340.945.305	381.925.200	381.925.200
Private sector bond - TL	866.920.000	874.531.345	843.394.059	843.394.059
Available for sale financial assets	1.206.420.000	1.215.476.650	1.225.319.259	1.225.319.259

As of December 31, 2022, the Company does not have financial assets held-to maturity.

As of December 31, 2021, the details of the Company's financial assets held-to maturity are as follows:

December 31, 2021				
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Debt Instruments:				
Eurobond Government Bonds-USD	826.398.000	878.540.971	873.951.749	874.169.895
Eurobond Private Sector Bonds-USD	746.424.000	795.736.283	785.059.222	785.323.262
Bank Deposits With Maturity More Than 3 Months:				
USD	991.677.409	991.677.409	1.007.738.503	1.007.738.503
EUR	282.800.085	282.800.085	287.462.749	287.462.749
Financial assets held-to maturity	2.847.299.494	2.948.754.748	2.954.212.223	2.954.694.409

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

11. Financial Assets (continued)

As of December 31, 2022, the details of the Company's financial assets held for trading are as follows:
(December 31, 2021: None).

	December 31, 2022			
	Nominal Value	Acquiring Cost	Fair Value	Book Value
Banks:				
FX-linked deposit	2.290.757.718	2.290.757.718	2.359.237.715	2.359.237.715
Investment Funds	491.252.352	544.799.393	549.769.317	549.769.317
Bank Deposits With Maturity More Than 3 Months	93.280.000	93.280.000	94.973.096	94.973.096
Financial Assets Held for Trading	2.875.290.070	2.928.837.111	3.003.980.128	3.003.980.128

Details of financial assets which Company gave as a commitment on behalf of Republic of Turkey Ministry of Treasury and Finance as a need of insurance operations are as follows:

	December 31, 2022		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	521.665.989	528.011.734	528.011.734
Total	521.665.989	528.011.734	528.011.734

	December 31, 2021		
	Acquisition Value	Fair Value	Book Value
Blocked Amounts	532.670.556	546.523.459	546.523.459
Total	532.670.556	546.523.459	546.523.459

There is not overdue but not impaired yet financial assets in Company's financial asset portfolio.

There is not security that represents borrowing which is issued in the current period or amortized in the current period of previously issued.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

11. Financial Assets (continued)

Movement of financial assets in the current period is presented below:

December 31, 2022	Held for trading	Available for sales	Held to maturities	Total
Balance at the beginning of the period	-	1.225.319.259	2.954.694.409	4.180.013.668
Additions	9.848.815.436	1.927.473.983	37.155.408	11.813.444.827
Disposals (either sold or settled)	(7.395.923.425)	(1.891.854.485)	(1.857.661.478)	(11.145.439.388)
Transfer		1.764.641.526	(1.764.641.526)	-
Change in the fair value of financial assets	551.088.117	82.006.954	-	633.095.071
Change in amortised cost of financial assets	-	131.256.545	630.453.187	761.709.732
Balance at the end of the period	3.003.980.128	3.238.843.782	-	6.242.823.910

The Company reclassified government and private bonds amounting to TL 1.764.641.526 which was classified as held to maturity financial assets to available for sale financial assets in the current period.

December 31, 2021	Available for sales	Held to maturities	Total
Balance at the beginning of the period	1.021.752.947	2.161.301.044	3.183.053.991
Additions	1.053.254.200	2.261.342.690	3.314.596.890
Disposals (either sold or settled)	(852.285.804)	(2.294.173.411)	(3.146.459.215)
Change in the fair value of financial assets	(21.126.558)	-	(21.126.558)
Change in amortised cost of financial assets	23.724.474	826.224.086	849.948.560
Balance at the end of the period	1.225.319.259	2.954.694.409	4.180.013.668

Value increases in financial assets for the last 3 years:

Year	Change in value increase (net)	Total value increase (net)
2022	62.423.856	27.056.200
2021	(15.523.285)	(35.367.656)
2020	(31.231.202)	(19.844.371)

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

12. Credits and Receivables

	December 31, 2022	December 31, 2021
Receivables from main operations (Note 4.2)	1.994.811.069	1.042.614.318
Other receivables ^(*) (Note 4.2)	139.678.983	19.189.904
Receivables from related parties (Note 4.2), (Note 45)	3.179.791	2.534.704
Total	2.137.669.843	1.064.338.926
Short-term receivables	2.116.794.693	1.053.425.371
Long-term receivables	20.875.150	10.913.555
Total	2.137.669.843	1.064.338.926

^(*)As of December 31, 2022, the Company's other receivables amounted TL 139.678.891 (December 31, 2021: TL 19.189.904) consist of receivables from TARSIM (Agricultural Insurance Pool) Natural Disaster Insurance Institution (TCIP) and other receivables.

As of December 31, 2022 and December 31, 2021, the details of the receivables from main operations are as follows:

	December 31, 2022	December 31, 2021
Receivables from agencies, brokers and intermediaries	1.670.241.479	827.062.841
Allowance for doubtful receivables from main operations- subrogation receivables	263.310.570	193.451.828
The amounts to be collected via subrogation and salvage	204.364.594	110.653.724
Receivables from main operations- Legal follow-up	10.725.096	33.481.883
Receivables from insured	53.439.475	76.493.932
Receivables from reinsurance firms (Note 10)	120.291.312	38.501.106
Receivables from insurance companies	3.502.387	7.931.514
Rediscount of receivables from insurance operations	(11.470.184)	(2.612.097)
Total receivable from insurance operations	2.314.404.729	1.284.964.731
Allowance for doubtful receivable from main operations - subrogation receivables (Note 4.2)	(263.310.570)	(193.451.827)
Allowance for doubtful receivable from main operations - legal and execution follow-up (Note 4.2)	(9.732.323)	(32.289.110)
Impairment provision of premium receivables from agency, broker and intermediaries	(16.101.486)	(7.496.472)
Provision of subrogation and salvage receivable	(30.449.281)	(9.113.004)
Total provisions for receivables from insurance operations	1.994.811.069	1.042.614.318

Company makes provisions for receivables as following the dated September 20, 2010 published by Ministry of Treasury and Finance "Circular numbered 2010/13 Related with Subrogation and Salvage Income" which states following the 6 months of claim payment of accrued subrogation receivables for in debt insurance firm or following the 4 months for 3rd parties. As of December 31, 2022 Company has made provisions for receivable amounted to TL 11.885.688 (December 31, 2021: TL 2.873.622) for the subrogation receivables not collected in the periods stated in the circular above

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

12. Credits and Receivables (Continued)

As of December 31, 2022 and December 31, 2021, the details of mortgages and other commitments for the Company's receivables are presented below:

	December 31, 2022	December 31, 2021
Guarantee letter	41.270.300	37.858.000
Mortgage bond	22.314.000	23.702.000
Cash guarantees received	12.095.462	8.025.561
Other commitments received	11.646.003	10.068.089
Total	87.325.765	79.653.650

Provisions for doubtful receivables for overdue receivables and receivables not due yet:

a) Movement of allowance for doubtful receivables (due) in legal and execution follow-up in the period as follows:

	December 31, 2022	December 31, 2021
Receivable provision in legal and execution follow-up at the beginning of the period	32.289.110	8.987.709
Cancelled in the period	(22.556.787)	(411.800)
Booked provision in current period	-	23.713.201
Receivable provision in legal and execution follow-up at the end of the year	9.732.323	32.289.110

b) Movement of premium receivable provisions in the period as follows:

	December 31, 2022	December 31, 2021
Premium receivable provision at the beginning of the period	7.496.472	4.250.074
Cancelled in the period	-	1.292.831
Booked provision in current period	8.605.014	1.953.567
Premium receivable provision at the end of the year	16.101.486	7.496.472

c) Movement of subrogation receivable provision which is subject to a suit in the period as follows:

	December 31, 2022	December 31, 2021
Receivable provision which is subject to a suit at the beginning of the year	193.451.827	162.568.164
Net booked provision in current period	69.858.743	30.883.663
Receivable provision which is subject to a suit at the end of the year	263.310.570	193.451.827

d) Movement of subrogation and salvage receivables provisions in the period as follows:

	December 31, 2022	December 31, 2021
Subrogation and salvage receivables provision at the beginning of the year	9.113.004	10.789.908
Booked/cancelled provisions in the current period	21.336.277	(1.676.904)
Subrogation and salvage receivables provision at the end of the year	30.449.281	9.113.004

Company's receivable and payable relationship with shareholders, subsidiaries and associates are stated detailed in Note 45.

Receivables and payables which does not have an exchange rate guarantee and represented via foreign currencies and the separate amounts of current foreign exchange moneys and their conversion rate to TL is stated in Note 4.2.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

13. Derivative Financial Instruments

As of December 31, 2022, the Company has accounted in income accruals amounting to TL 6.040.183 (December 31, 2021: None) that is increase in value and the Company has no other financial liabilities due to foreign currency contracts (December 31, 2021: TL 817.867.507).

The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Income Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

14. Cash and Cash Equivalents

As of December 31, 2022 and December 31, 2021, details of cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Bank Deposits	629.797.591	766.891.362
Bank guaranteed credit card receivables with maturity less than three months	1.383.921.577	590.403.035
Total	2.013.719.168	1.357.294.397

As of December 31, 2022 and December 31, 2021, detail of bank deposits account are as follows:

	December 31, 2022		December 31, 2021	
	Original Amount	TL Amount	Original Amount	TL Amount
Demand:				
USD	549.923	10.282.626	1.181.796	15.752.161
EUR	1.168.043	23.284.819	1.880.190	28.365.856
CHF	5.824	117.649	-	-
GBP	8.617	193.782	15.349	275.774
TL	52.835.960	52.835.960	4.399.020	4.399.020
Time:				
USD	-	-	41.035.171	546.957.784
EUR	3.507.192	69.915.517	3.501.365	52.824.044
TL	473.167.238	473.167.238	118.316.723	118.316.723
Total		629.797.591		766.891.362

As of December 31, 2022 and December 31, 2021, other cash and cash equivalents consist of credit card receivables. Credit card receivables are hold for 26 and 90 days blockage in account.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

15. Equity

Paid Capital

As of December 31, 2022, the Company's nominal capital is TL 190.000.000 (December 31, 2021: TL 190.000.000) Company's capital is comprised of issued and worth of TL 0,01 nominal value for each one of 19.000.000.000 numbers of shares.

There is no privilege recognized to equity shares which represents the capital.

Sompo International Holding Inc. is the capital group whose direct or indirect control over the Company's capital as of December 31, 2022 and December 31, 2021.

There are not Company's own equity shares which is kept by Company or Company's associate or Company's subsidiaries. There are not equity shares in Company to issue for float shares by force of futures and contracts.

Legal reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% p.a., until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% p.a. of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

The movement table for legal reserves are as follows:

	December 31, 2022	December 31, 2021
Legal reserves at the beginning of the year	63.006.679	42.777.778
Transfer to profit and other reserves	14.707.779	20.228.901
Legal reserves at the end of the period	77.714.458	63.006.679

Extraordinary reserves

The movement table for extraordinary reserves are as follows:

	December 31, 2022	December 31, 2021
Extraordinary reserves at the beginning of the year	1.570.403.191	1.365.479.432
Transfer to profit and other reserves	97.913.113	204.923.759
Extraordinary reserves at the end of the period	1.668.316.304	1.570.403.191

Revaluation of Financial Assets

The movement table for revaluation of financial assets are as follows:

	December 31, 2022	December 31, 2021
Revaluation differences as the beginning of the period	(35.367.656)	(19.844.371)
Change in the fair value of financial assets	82.006.954	(21.126.558)
Deferred tax effect	(19.583.098)	5.603.273
Revaluation differences as the end of the period	27.056.200	(35.367.656)

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

15. Equity (continued)

Other reserves

At dated July 4, 2007 and numbered 2007/3 published by Republic of Turkey Ministry of Treasury and Finance "Circular of Orientation of Provisions of Insurance, Reinsurance and Pension Firms to the numbered 5684 Provisions of Insurance Laws" for the year 2007 it is sentenced not to book earthquake damage provision. However, previously booked earthquake damage provisions (earthquake damage provision amount which is stated in balance sheet as of December 31, 2006) are required to transfer to voluntary reserves according to the temporary 5th item of mentioned law, for this purpose it is stated that the current earthquake damage provision amount as of December 31, 2006 and including the gains obtained via directing related amount to investment, related provisions are going to be transferred to 549.01 account "transferred earthquake damage provisions" which will be identified as of September 1, 2007 and it will not be a subject to dividend payment and will not be transferred to another account under no circumstances. Following related circular Company has stated TL 8.808.057 (December 31, 2021 - TL 8.808.057) earthquake damage provision under other profit reserves which Company has booked in its December 31, 2006 financials due to the earthquake damage provision Company has booked and including the gains obtained via directing related amount to investment.

Special Funds

TAS 19 - Employee Benefits Related to Turkey Accounting Standard requires the use of actuarial method in calculating the provision for employee termination benefits. As of December 31, 2022, actuarial calculation has been made for related liabilities and actuarial loss (deferred tax free) has been recorded amounting to TL 9.287.703 in special funds under equity. (December 31, 2021: TL 1.855.992).

16. Other Provisions and Capital Component of Discretionary Participation

As of December 31, 2022 and 2021 there is not any other reserves which is stated under equity except the previously booked earthquake damage provision which is recognized under "other profit reserves". As of December 31, 2022 and 2021, the Company does not have a contract with a future of capital component of discretionary participation.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets

As of December 31, 2022 and December 31, 2021, the details of insurance technical reserves of the Company are as follows:

	December 31, 2022	December 31, 2021
Gross unearned premiums reserve	6.398.926.674	1.974.352.886
Reinsurer's share of unearned premiums reserve (Note 10)	(2.042.046.206)	(882.070.108)
SSI's share of unearned premiums reserve (Note 10)	(191.897.570)	(55.746.055)
Unearned premiums reserve, net	4.164.982.898	1.036.536.723
Gross outstanding claim reserve	5.799.527.508	3.750.268.038
Reinsurer's share of gross outstanding claim reserve (Note 4.2) (Note 10)	(2.266.196.890)	(1.304.892.325)
Outstanding claim reserve, net	3.533.330.618	2.445.375.713
Equalization reserve	385.706.903	249.997.193
Reinsurer's share of equalization reserve (Note 10)	(298.771.451)	(194.050.923)
Equalization reserve, net	86.935.452	55.946.270
Unexpired risks reserve	57.140.109	101.030.615
Reinsurer's share of unexpired risks reserve (Note 10)	(56.028.810)	(59.636.000)
Unexpired risks reserve, net	1.111.299	41.394.615
Bonus and discount reserve	5.588.883	2.073.981
Reinsurer's share of bonus and discount reserve	-	-
Bonus and discount reserve, net	5.588.883	2.073.981
Total technical provisions, net	7.791.949.150	3.581.327.302
Short term	7.705.013.698	3.525.381.032
Medium and long term	86.935.452	55.946.270
Total technical provisions, net	7.791.949.150	3.581.327.302

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Unearned premiums reserve:

	December 31, 2022		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.974.352.886	(937.816.163)	1.036.536.723
Written premiums in the period	10.085.237.185	(3.690.723.499)	6.394.513.686
Earned premiums in the period	(5.660.663.397)	2.394.595.886	(3.266.067.511)
Unearned premiums reserve at the end of the year	6.398.926.674	(2.233.943.776)	4.164.982.898

	December 31, 2021		
	Gross	Reinsurer and SSI share	Net
Unearned premiums reserve at the beginning of the year	1.776.976.965	(710.390.233)	1.066.586.732
Written premiums in the period	3.455.290.096	(1.597.753.420)	1.857.536.676
Earned premiums in the period	(3.257.914.175)	1.370.327.490	(1.887.586.685)
Unearned premiums reserve at the end of the year	1.974.352.886	(937.816.163)	1.036.536.723

Provision for outstanding claims

	December 31, 2022		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	3.750.268.038	(1.304.892.325)	2.445.375.713
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	5.871.398.794	(2.394.108.629)	3.477.290.165
Claim payments during the period	(3.822.139.324)	1.432.804.064	(2.389.335.260)
Outstanding claim reserve at the end of the year	5.799.527.508	(2.266.196.890)	3.533.330.618

	December 31, 2021		
	Gross	Reinsurer Share	Net
Outstanding claim reserve at the beginning of the year	3.005.002.259	(776.078.059)	2.228.924.200
Reported claims in the period and the changes in estimations of outstanding claim reserve at the beginning of the year	2.816.582.038	(1.183.930.315)	1.632.651.723
Claim payments during the period	(2.071.316.259)	655.116.049	(1.416.200.210)
Outstanding claim reserve at the end of the year	3.750.268.038	(1.304.892.325)	2.445.375.713

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Provision for outstanding claims (continued)

	December 31, 2022			December 31, 2021		
	Gross	Reinsurer Share	Net	Gross	Reinsurer Share	Net
Incurring and reported claims	4.133.601.097	(2.344.925.875)	1.788.675.222	2.500.444.670	(1.297.868.178)	1.202.576.492
Incurring but not reported claims	3.702.717.695	(313.935.922)	3.388.781.773	2.050.036.733	(156.120.712)	1.893.916.021
Net Cash Flow Discount	(2.036.791.284)	392.664.907	(1.644.126.377)	(800.213.365)	149.096.565	(651.116.800)
Total	5.799.527.508	(2.266.196.890)	3.533.330.618	3.750.268.038	(1.304.892.325)	2.445.375.713

Equalization Reserve

	December 31, 2022		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	249.997.193	(194.050.923)	55.946.270
Net change	135.709.710	(104.720.528)	30.989.182
Equalization reserve at the end of the year	385.706.903	(298.771.451)	86.935.452

	December 31, 2021		
	Gross	Reinsurer Share	Net
Equalization reserve at the beginning of the year	192.922.205	(146.847.467)	46.074.738
Net change	57.074.988	(47.203.456)	9.871.532
Equalization reserve at the end of the year	249.997.193	(194.050.923)	55.946.270

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Provision for unexpired risks

	December 31, 2022		Net
	Gross	Reinsurer Share	
Provision for unexpired risks at the beginning of the period	101.030.615	(59.636.000)	41.394.615
Net change	(43.890.506)	3.607.190	(40.283.316)
Provision for unexpired risks at the end of the period	57.140.109	(56.028.810)	1.111.299

	December 31, 2021		Net
	Gross	Reinsurer Share	
Provision for unexpired risks at the beginning of the period	27.894.960	(23.790.976)	4.103.984
Net change	73.135.655	(35.845.024)	37.290.631
Provision for unexpired risks at the end of the period	101.030.615	(59.636.000)	41.394.615

Provision for bonus and discount:

Provision for bonus and discount	December 31, 2022	December 31, 2021
Provision for bonus and discount at the beginning of the period	2.073.981	1.163.711
Net change	3.514.902	910.270
Provision for bonus and discount at the end of the period	5.588.883	2.073.981

Claim Development Table

The main assumption used to predict the outstanding claim reserve is Company's claim development experience from the past periods. The Company management uses its own judgments while determining how external factors like legal decisions and changes in regulations will affect the outstanding claim reserve. Sensitivity of some estimations like legal changes and uncertainties during the prediction process is not measurable. Besides, long delays between the time of claim incurred and the time payment is made inhibits the determination of outstanding claim reserve definitely as of balance sheet date. Therefore, total liabilities may differ depending on the subsequent events and the differences occurred due to the re-estimation of liabilities are reflected to financial statement in upcoming periods. The development of insurance liabilities enables to measure the Company's performance of estimation of total claim liabilities. The numbers that are shown in the upside of below tables, from the years claims has incurred in, show the change of Company's total estimations for claims in the subsequent years. The numbers that are shown in the underside of the tables, give the outstanding claim reserves stated in financial statements and their confirmation.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2022			
Claim Year	2016	2017	2018
Claim year	690.717.354	942.987.036	1.202.095.331
1 year later	766.575.828	1.087.794.972	1.375.689.927
2 year later	827.317.075	1.183.335.649	1.488.393.062
3 year later	864.475.965	1.238.627.025	1.608.274.881
4 year later	885.326.499	1.275.360.861	1.775.252.709
5 year later	893.342.682	1.383.709.368	-
6 year later	943.801.902	-	-
Gross incurred claims	943.801.902	1.383.709.368	1.775.252.709
Total payments made up to today	768.954.241	1.127.835.644	1.462.738.553
Total provision in financial statements	174.847.661	255.873.724	312.514.156
Gross outstanding claims reserves and Exchange difference which is booked for prior of 2016			
Gross IBNR amount booked as of December 2022			
Outstanding claim provisions discount adjustment			
Total gross outstanding claim reserve amount stated in financial statements at the end of the year			
December 31, 2021			
Claim Year	2015	2016	2017
Claim year	496.318.042	690.717.354	942.987.036
1 year later	527.599.455	766.575.828	1.087.794.972
2 year later	556.441.207	827.317.075	1.183.335.649
3 year later	585.670.824	864.475.965	1.238.627.024
4 year later	609.129.010	885.326.499	1.275.360.861
5 year later	640.219.553	893.342.682	-
6 year later	733.644.964	-	-
Gross incurred claims	733.644.964	893.342.682	1.275.360.861
Total payments made up to today	470.038.349	726.379.037	1.062.030.675
Total provision in financial statements	263.606.615	166.963.645	213.330.186
Gross outstanding claims reserves and Exchange difference which is booked for prior of 2015			
Gross IBNR amount booked as of December 2021			
Outstanding claim provisions discount adjustment			
Total gross outstanding claim reserve amount stated in financial statements at the end of the year			

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	2019	2020	2021	2022	Total
	1.395.035.839	1.434.315.263	1.899.950.171	4.072.368.573	11.637.469.567
	1.567.111.249	1.931.775.662	2.425.570.253	-	9.154.517.891
	1.757.985.646	2.098.085.253	-	-	7.355.116.685
	1.970.333.558	-	-	-	5.681.711.429
	-	-	-	-	3.935.940.069
	-	-	-	-	2.277.052.050
	-	-	-	-	943.801.902
	1.970.333.558	2.098.085.253	2.425.570.253	4.072.368.573	14.669.121.616
	1.535.819.763	1.662.633.490	2.021.463.392	2.591.822.151	11.171.267.234
	434.513.795	435.451.762	404.106.861	1.480.546.423	3.497.854.382
					635.741.908
					3.702.722.076
					(2.036.790.858)
					5.799.527.508
	2018	2019	2020	2021	Total
	1.202.095.331	1.395.035.839	1.434.315.264	1.899.950.171	8.061.419.037
	1.375.689.927	1.567.111.249	1.931.775.662	-	7.256.547.093
	1.488.393.063	1.757.985.646	-	-	5.813.472.640
	1.608.274.881	-	-	-	4.297.048.694
	-	-	-	-	2.769.816.370
	-	-	-	-	1.533.562.235
	-	-	-	-	733.644.964
	1.608.274.881	1.757.985.646	1.931.775.662	1.899.950.171	10.100.334.867
	1.358.822.739	1.426.326.103	1.467.263.276	1.342.332.885	7.853.193.064
	249.452.142	331.659.543	464.512.386	557.617.286	2.247.141.803
					253.302.867
					2.050.036.733
					(800.213.365)
					3.750.268.038

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

December 31, 2022			
Claim Year	2016	2017	2018
Claim year	532.214.006	774.381.543	851.527.142
1 year later	625.731.202	872.803.697	929.188.086
2 year later	681.353.361	934.107.652	948.791.907
3 year later	711.993.893	955.227.787	942.592.889
4 year later	731.271.391	970.104.026	966.863.539
5 year later	747.517.070	1.022.084.192	-
6 year later	791.817.636	-	-
Total gross incurred claims	791.817.636	1.022.084.192	966.863.539
Total payments made up to today	658.609.005	847.831.554	802.355.981
Total provision in financial statements	133.208.631	174.252.638	164.507.558
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2016			
Net IBNR amount booked as of December 2022			
Outstanding claim provisions discount adjustment			
Total net outstanding claim reserve amount stated in financial statements at the end of the year			
December 31, 2021			
Claim Year	2015	2016	2017
Claim year	308.382.993	532.214.006	774.381.543
1 year later	329.875.624	625.731.202	872.803.697
2 year later	355.044.564	681.353.361	934.107.652
3 year later	367.279.167	711.993.893	955.227.787
4 year later	377.463.530	731.271.391	970.104.026
5 year later	382.716.440	747.517.070	-
6 year later	389.844.864	-	-
Total gross incurred claims	389.844.864	747.517.070	970.104.026
Total payments made up to today	348.056.281	623.520.173	819.295.673
Total provision in financial statements	41.788.583	123.996.897	150.808.353
Net outstanding claims reserves, lawsuit discounts and Exchange difference which is booked for prior of 2015			
Net IBNR amount booked as of December 2021			
Outstanding claim provisions discount adjustment			
Total net outstanding claim reserve amount stated in financial statements at the end of the year			

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

	2019	2020	2021	2022	Total
	991.274.011	1.105.555.763	1.409.210.263	2.361.154.176	8.025.316.904
	1.065.606.195	1.288.424.354	1.647.012.911	-	6.428.766.445
	1.118.865.039	1.450.721.625	-	-	5.133.839.584
	1.166.911.539	-	-	-	3.776.726.108
	-	-	-	-	2.668.238.956
	-	-	-	-	1.769.601.262
	-	-	-	-	791.817.636
	1.166.911.539	1.450.721.625	1.647.012.911	2.361.154.176	9.406.565.618
	981.715.102	1.200.409.180	1.460.790.913	1.846.590.771	7.798.302.506
	185.196.437	250.312.445	186.221.998	514.563.405	1.608.263.112
					180.407.008
					3.388.786.155
					(1.644.125.657)
					3.533.330.618
	2018	2019	2020	2021	Total
	851.527.142	991.274.011	1.105.555.763	1.409.210.263	5.972.545.721
	929.188.086	1.065.606.195	1.288.424.355	-	5.111.629.159
	948.791.907	1.118.865.038	-	-	4.038.162.522
	942.592.889	-	-	-	2.977.093.736
	-	-	-	-	2.078.838.947
	-	-	-	-	1.130.233.510
	-	-	-	-	389.844.864
	942.592.889	1.118.865.038	1.288.424.355	1.409.210.263	6.866.558.505
	804.794.135	977.060.042	1.123.156.116	1.090.299.490	5.786.181.910
	137.798.754	141.804.996	165.268.239	318.910.773	1.080.376.595
					122.199.897
					1.893.916.021
					(651.116.800)
					2.445.375.713

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Guarantees to be provided for life and non-life insurance branches and guarantees provided for life and non-life insurances based on assets:

	December 31, 2022			December 31, 2021		
	Amount be provided ^(*)	Provided ^(*)	Book value	Amount be provided ^(*)	Provided ^(*)	Book value
Non-life:						
Financial assets ^(*)	509.000.000	521.665.989	528.011.734	272.941.659	532.670.556	546.523.459
Total	509.000.000	521.665.989	528.011.734	272.941.659	532.670.556	546.523.459

^(*)In accordance with the article 6 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", government bonds classified under financial assets are shown by using the daily prices published by CBRT as of December 31, 2022 and 2021.

^(**)In accordance with the article 7 of Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies", insurance companies and pension companies operating in the life and personal accident branches have to provide their guarantees following the 2 months of capital adequacy calculation periods. In accordance with Communiqué regarding "The Financial Structure of Insurance, Reinsurance and Pension Companies" Companies send their capital adequacy table to T.C. Ministry of Treasury and Finance for the June and December periods within the 2 months period.

Insurance guarantee amounts given by branches

	December 31, 2022	December 31, 2021
Third party liability for motor vehicles (MTPL)	39.147.864.599.194	27.584.540.323.819
Fire and Natural Disasters	9.178.352.195.109	6.037.953.588.778
General Losses	2.319.763.630.033	1.582.925.929.587
Health	1.681.642.934.836	1.397.383.123.743
Transportation	1.249.466.025.704	709.574.083.857
Motor Vehicles	574.200.950.191	318.108.099.926
General Liability	290.158.516.986	201.903.800.720
Accident	220.592.244.880	161.743.680.326
Financial Losses	161.070.290.687	100.716.454.354
Legal Protection	99.607.894.615	85.204.920.959
Water Crafts	37.577.904.709	14.743.644.935
Water Craft Liability	6.896.286.246	4.621.564.240
Aircraft	4.690.956.393	4.690.956.393
Total	54.971.884.429.583	38.204.110.171.637

Company's number of life insurance policies, additions, disposals during the period and the related mathematical reserves

None.

Distribution of new life insurance policyholders in terms of numbers and gross and net premiums as individual or group during the period

None.

Distribution of mathematical reserves for life insurance policyholders who left the company's portfolio as individual or group during the period

None.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

17. Insurance Liabilities and Reinsurance Assets (continued)

Accrued subrogation and salvage income

As of December 31, 2022, the Company has subrogation and salvage income amounting to TL 142.233.336 (December 31, 2021: TL 59.119.774).

Deferred commission expenses

The Company capitalizes commissions paid to the intermediaries related to policy production under short-term and long-term prepaid expenses. As of December 31, 2022, short-term prepaid expenses amounting to TL 993.687.451 (December 31, 2021: TL 300.154.153) consist of deferred commission expenses amounting to TL 929.783.885 (December 31, 2021: TL 276.070.411) and other prepaid expenses amounting to TL 57.863.383 (December 31, 2021: TL 24.083.742).

As of December 31, 2022 and December 31, 2021, the movement of deferred production commissions is as follows:

	December 31, 2022	December 31, 2021
Deferred production commissions at the beginning of the year	276.070.411	258.827.334
Commissions to intermediaries accrued during the period (Note 32)	1.499.501.167	496.784.590
Commissions recognized as expense during the period (Note 32)	(845.787.693)	(479.541.513)
Deferred production commissions at the end of the year	929.783.885	276.070.411

Individual pension

None.

18. Investment contract liabilities

None.

19. Trade and other payables and deferred income

	December 31, 2022	December 31, 2021
Financial liabilities	9.245.979	827.525.473
Payables from main operations	887.089.794	418.329.497
Income related to future months/years and expense accruals	407.995.946	175.961.809
Taxes and other similar liabilities to be paid and their provisions	134.182.423	155.657.197
Other payables	178.887.457	64.348.225
Payables to related parties	242.063	85.295
Total	1.617.643.662	1.641.907.496
Short-term liabilities	1.614.164.783	1.636.689.333
Medium and long-term liabilities	3.478.879	5.218.163
Total	1.617.643.662	1.641.907.496

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

19. Trade and other payables and deferred income (continued)

With “Numbered 6111 Law to make change in Restructuring of Some Receivables and Social Insurance and General Health Insurance Law and Some Other Law and Delegated Legislations” dated February 25, 2011 and numbered 27857 came into force by issued in Official Gazette and dated August 27, 2012 and numbered 28038 issued in the Official Gazette “Regulation of Rules and Procedures Related with the Collection of Service Fees which is presented to Whom it may Concern due to the Traffic Accidents” and written premiums between the time period of Regulation numbered 2012/17 and all of the payable amount TL 117.477.333 (December 31, 2021: TL 28.193.913) to be ceded to SSI for those premiums, is classified under short term liabilities as “Payables to Social Security Institution Related to Treatment Expenses”.

As of December 31, 2022 and 2021 other payables consist of premiums to be ceded to SSI related with treatment costs and payments to make for external benefit and services.

Income related to future months and expense accruals consist of deferred commission income (Note 10) amounting to TL 404.471.134 (December 31, 2021: TL 174.305.748) and other expense accruals amounted to TL 3.524.812 (December 31, 2021: TL 1.656.061).

Details of Company’s payables from main operations account as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Payables to reinsurance firms (Note 10)	646.664.777	243.488.041
Payables to agency and insurance companies	185.842.754	139.361.545
Rediscount on payables to reinsurance firms (Note 10)	(100.475)	(154.858)
Total payables from insurance operations	832.407.056	382.694.728
Other payables from main operations	54.682.738	35.634.769
Payables from main operations	887.089.794	418.329.497

As of December 31, 2022 and December 31, 2021, receivables from other main operations consist of receivables to authorized services and suppliers.

Corporate tax provision and taxes to be paid are detailed below:

	December 31, 2022	December 31, 2021
Prepaid taxes	6.783.697	130.314.782
Provision of calculated corporate tax ⁽¹⁾	-	(255.413.930)
Current period tax asset/(liability), net	6.783.697	(125.099.148)

⁽¹⁾ As per “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was proposed on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange, interest and other various financial income received from Turkish Lira assets deposited at least three months which were converted to Turkish Lira by converting foreign currencies or various gold resources into Turkish Lira are exempted from corporate tax. Within the scope of temporary 14th article of the Law, the Company benefited from TL 58.442.689 and TL 161.336.045 tax exemption for 2021 and 2022, respectively. The exemption amount for the year 2021 amounting to TL 58.442.689 has been recorded as income in the “Corporate Tax Provision and Other Fiscal Liabilities” in the income statement dated December 31, 2022.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

20. Financial Liabilities

As of December 31, 2022 and December 31, 2021 financial liabilities are as follows:

	December 31, 2022	December 31, 2021
Expense accruals from derivatives	-	817.867.507
TFRS 16 lease liabilities	9.245.979	9.657.966
	9.245.979	827.525.473

As of December 31, 2022 and December 31, 2021, due to forward foreign currency contracts the Company has depreciation balance under their other financial liabilities account (December 31 2021: 817,867,507) The Company recognizes derivative transactions in accordance with TAS 39 - Financial Instruments: Accounting and Measurement. Derivative transactions are measured at their fair values in the periods following their recognition. Derivative transactions are presented at "Revenue Accruals" or "Other financial liabilities" whether the fair value is positive or negative. Changes in the fair value of the related derivative financial instruments are recognized in the income statement.

As of December 31, 2022, the Company has recognized lease liability amounting to TL 9.245.979 (December 31, 2021: TL 9.657.966) within the scope of TFRS 16 and its part of TL 1.806.668 (December 31, 2021: TL 2.243.537) is reflected in the financial statements as deferred lease liability.

21. Deferred Tax

Items that resulted in deferred tax assets and liabilities as of December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Tax losses	207.475.930	-
Equalization reserve	18.249.834	11.462.836
Bonus provision	13.500.000	5.750.000
Sliding scale commission provision	11.262.664	4.891.694
Impairment provision expenses for receivables from main operations	11.637.692	3.741.772
Provision for employment termination benefit and unused vacation	5.882.815	3.681.567
Stop loss provision	1.397.221	477.016
Financial items and derivative instruments valuation differences	1.238.439	171.351.321
Unexpired risk reserve	277.825	9.520.761
Provision for business cases	176.065	103.992
Currency valuation differences	1.381	(24.735.174)
TAS adjustment differences in depreciation	(5.182.874)	(2.264.771)
Other	3.759.517	1.657.677
Deferred tax asset, net	269.676.509	185.638.691

As of December 31, 2022 the Company has unused financial losses TL 829.903.719 (December 31, 2021: TL None).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

21. Deferred Tax (continued)

The movement of deferred tax assets during the period are as follows:

	December 31, 2022	December 31, 2021
Beginning of the period - January 1	185.638.691	45.000.350
Deferred tax income, net (Note 35)	101.401.054	134.919.959
Deferred tax income/(loss) recognised under equity	(17.363.236)	5.718.382
End of the period	269.676.509	185.638.691

22. Retirement social aid liabilities

None.

23. Provision for Other Liabilities and Expense

As of December 31, 2022 and December 31, 2021; the details of the provisions for other risks are as follows:

	December 31, 2022	December 31, 2021
Short-term employee rights bonus provisions	54.000.000	25.000.000
Unused vacation provision	13.107.752	8.500.915
Business case provisions	704.259	452.140
Allowance for cost expenses	67.812.011	33.953.055
Provisions for employee termination benefits	21.314.982	7.505.899
Other	35.113	159.521
Total provisions for other risks	89.162.106	41.618.475

The movement of provision for employment termination benefits during the period are as follows:

	December 31, 2022	December 31, 2021
Beginning of the period	7.505.899	3.065.139
Interest cost (Note 47)	1.304.035	919.542
Service cost (Note 47)	6.546.527	4.923.267
Payments during the period (Note 47)	(3.950.427)	(1.902.522)
Actuarial loss/(gain)	9.908.948	500.473
End of the period	21.314.982	7.505.899

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

23. Provision for Other Liabilities and Expense (continued)

Movement of unused vacation provision in the period are as follows:

	December 31, 2022	December 31, 2021
Unused vacation provision at the beginning of the period	8.500.915	5.488.095
Payments during the period	(5.169.008)	(999.183)
Provision booked during the period	9.775.845	4.012.003
Unused vacation provision at the end of the year	13.107.752	8.500.915

Movement of business cases provision in the period are as follows:

	December 31, 2022	December 31, 2021
Business case provisions at the beginning of the year	452.140	259.056
Payments during the period	(644.313)	(713.369)
Provision amount booked/(cancelled) during the period	896.432	906.453
Business case provision at the end of the year	704.259	452.140

As of December 31, 2022 and 2021, the details of other payables are as follows:

	December 31, 2022	December 31, 2021
Payables to suppliers	28.854.242	17.456.655
Other payables	3.669.173	-
Total	32.523.415	17.456.655

24. Net Insurance Premium

January 1 - December 31, 2022	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Transportation	Accident	Other	Total
Premiums received	3.539.145.549	3.564.329.432	1.243.254.664	686.743.154	158.564.145	31.668.514	861.531.727	10.085.237.185
Premiums transferred to the reinsurance	(10.594.240)	(1.369.193.612)	(1.090.963.783)	(512.862.423)	(100.623.565)	(4.982.955)	(308.290.116)	(3.397.510.694)
Premiums transferred to the SSI	-	(292.959.018)	-	-	-	(230.471)	(23.316)	(293.212.805)
Total	3.528.551.309	1.902.176.802	152.290.881	173.880.731	57.940.580	26.455.088	553.218.295	6.394.513.686

January 1 - December 31, 2021	Motor vehicles	Motor vehicles liability	Fire and natural disasters	General losses	Transportation	Accident	Other	Total
Premiums received	884.684.303	1.236.290.865	582.511.957	372.137.232	77.874.271	16.721.746	285.069.722	3.455.290.096
Premiums transferred to the reinsurance	(3.868.652)	(559.827.689)	(515.490.742)	(240.967.115)	(48.375.389)	(2.453.437)	(127.120.846)	(1.498.103.870)
Premiums transferred to the SSI	-	(99.508.566)	-	-	-	(140.984)	-	(99.649.550)
Total	880.815.651	576.954.610	67.021.215	131.170.117	29.498.882	14.127.325	157.948.876	1.857.536.676

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

25. Fee Income

None.

26. Investment Income/(Expense)

Investment income is presented in "Note 4.2. - Financial Risk Management" above

As of December 31, 2022, the Company's insurance transaction tax is TL 48.028.689 (December 31, 2021: TL 12.791.858).

27. Net income accrual on financial assets

Shown in the "Financial risk management" note (Note 4.2) above.

28. Assets that their fair value differences reflected to the profit or loss

Shown in the "Financial risk management" note (Note 4.2) above.

29. Insurance rights and demands

	December 31, 2022	December 31, 2021
Claims paid as deducted reinsurers' share	(2.389.335.260)	(1.416.200.210)
Change in unearned premium reserve, as deducted reinsurers' and SSI share	(3.128.446.175)	30.050.009
Change in outstanding claims reserve, as deducted reinsurers' share	(1.087.954.905)	(216.451.513)
Change in equalization reserve as deducted reinsurers' share	(30.989.181)	(9.871.532)
Change in unexpired risks reserve as deducted reinsurers' share	40.283.316	(37.290.631)
Change in bonus and discount reserves as deducted reinsurers' share	(3.514.902)	(910.270)
Total	(6.599.957.107)	(1.650.674.147)

30. Investment agreement rights

None (December 31, 2021: None).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

31. Mandatory other expenses

Grouping of expenses based on the characteristics and functions in the Company is presented in Note 32 below.

32. Expense by nature

As of December 31, 2022 and December 31, 2021; the details of the operating expenses are disclosed as follows:

	December 31, 2022	December 31, 2021
Commission expenses (Note 17)	(845.787.693)	(479.541.513)
<i>Intermediary commissions accrued during the period (Note 17)</i>	<i>(1.499.501.167)</i>	<i>(496.784.590)</i>
<i>Change in deferred production commissions (Note 17)</i>	<i>653.713.474</i>	<i>17.243.077</i>
Employee benefits expenses (Note 33)	(359.258.089)	(180.934.681)
Commission income earned from reinsurers (Note 10)	436.101.914	239.310.247
<i>Accrued commission income from reinsurers during the period (Note 10)</i>	<i>666.267.300</i>	<i>292.442.176</i>
<i>Change in deferred commission income (Note 10)</i>	<i>(230.165.386)</i>	<i>(53.131.929)</i>
Rent expenses	(1.540.964)	(3.985.290)
Management and service expenses	(19.930.092)	(8.170.215)
IT expenses	(33.848.663)	(18.616.168)
Vehicle expenses	(3.095.739)	(842.613)
Marketing and sales expenses	(26.883.506)	(8.808.666)
Communication expenses	(1.552.036)	(906.533)
Travel expenses	(1.967.053)	(1.122.710)
Taxes, duties and fees	(917.727)	(912.224)
Printed matters and office supplies expenses	(4.325.617)	(2.966.388)
Mail and cargo expenses	(750.208)	(762.586)
Consulting expenses	(4.418.696)	(5.880.664)
Bank charges expense	(2.842.991)	(3.279.177)
Total	(871.017.160)	(477.419.181)

33. Employee benefit expenses

The details of employee benefits expenses for the period ended December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Salary and wages	(211.368.293)	(112.623.062)
Other vested benefits	(48.770.247)	(20.344.262)
Bonus, premium and commission	(67.615.536)	(31.317.574)
Employer's share of social security premium	(31.504.013)	(16.649.783)
Total	(359.258.089)	(180.934.681)

34. Financial costs

All financial costs for the period are shown in the note "Financial risk management" above (Note 4.2). There is no financial allowance for the cost of production or the cost of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

35. Income taxes

Items composing the income tax expenses stated in the financial statements are as follows:

	December 31, 2022	December 31, 2021
Corporate tax liability:		
Calculated corporate tax provision	58.442.689	(255.413.930)
Deferred tax:		
Deferred tax income/(loss) (Note 21)	101.401.054	134.919.959
Total	159.843.743	(120.493.971)

As of December 31, 2022 and 2021 confirmation of Company's operational profit before taxes arised in Company's financial statements and Company's actual income tax provision calculated via active tax rate are detailed in the table below:

	December 31, 2022		December 31, 2021	
	300.313.350	Tax Rate (%)	444.042.719	Tax Rate (%)
Profit before tax				
Income tax provision by legal tax rate	(75.078.338)	(25,00)	(111.010.680)	(25,00)
Non-deductible expenses	(1.897.567)	(0,63)	(686.998)	(0,15)
Items subject to tax exemption	161.336.045	53,72	-	-
Corporate tax liability reversal ⁽¹⁾	58.442.689	19,46	-	-
Tax rate change effect	15.180.115	5,05	-	-
Other	1.860.799	0,62	(8.796.293)	(1,98)
Total income tax income/(expense)	159.843.743	53,23	(120.493.971)	(27,14)

⁽¹⁾As per "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was proposed on January 13, 2022 and accepted in the Grand National Assembly of Turkey on January 20, 2022, foreign exchange, interest and other various financial income received from Turkish Lira assets deposited at least three months which were converted to Turkish Lira by converting foreign currencies or various gold resources into Turkish Lira are exempted from corporate tax. Within the scope of temporary 14th article of the Law, the Company benefited from TL 58.442.689 and TL 161.336.045 tax exemption for 2021 and 2022, respectively. The exemption amount for the year 2021 amounting to TL 58.442.689 has been recorded as income in the "Corporate Tax Provision and Other Fiscal Liabilities" in the income statement dated December 31, 2022.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

36. Net foreign exchange gains

Shown in the “Financial risk management” note (Note 4.2) above.

37. Earnings per share

Earnings per share is calculated by dividing net profit of the Company by the weighted average number of shares.

	December 31, 2022	December 31, 2021
Profit as of accounting period	460.157.093	323.548.748
Weighted average number of stocks	19.000.000.000	19.000.000.000
Earnings per share (TL)	0,02422	0,01703

38. Dividends per share

At the Ordinary General Assembly Meeting of the Company dated March 30, 2022, it has been decided to reserve TL 3.854.911 as secondary legal reserves pursuant to Turkish Commercial Code 519, TL 48.049.106 distribute to shareholder as gross dividend of the distributable income of TL 51.904.017 of the net profit of TL 323.548.748 resulting from the 2021 activities of the Company. It has been decided to reserve TL 10.852.868 as secondary legal reserves from the extraordinary reserves and to pay TL 108.528.681 TL as gross dividends.

Cash dividends amounting to TL 156.577.787 were paid to the shareholders in 2022 (December 31, 2021: TL 211.789.009).

39. Cash generated from operations

Cash flows from operating activities are disclosed in the statement of cash flows.

40. Equity share convertible bonds

None.

41. Cash convertible privileged equity shares:

None.

42. Risks

During the ordinary operations Company faces many legal conflicts, cases and claims for damages mainly from insurance operations. These cases are reflected to financial statements by providing necessary provisions in allowance for cost expenses and outstanding claims reserve.

As of December 31, 2022, total amount of all cases against the Company is TL 398.287.478 (December 31, 2021: TL 342.843.150) on the other hand possible responsibility amount that Company is obliged to pay if the case concludes against the Company including the opened cases and execution proceedings made is TL 1.742.860.344 (December 31, 2021: TL 1.152.008.824).

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

43. Commitments

The details of the guarantees given in the non-life insurance branches in accordance with the Company's activities are given in Note 17.

As part of operational lease total minimum rent payment amounts to be paid for the real estates which is rented for the usage of head office and region offices and rent vehicles assigned to sales team are as follows:

TL commitments	December 31, 2022	December 31, 2021
Less than 1 year	218.750	750.730
More than a year, less than five years	844.857	948.000
Sum of minimum rent payments to be paid	1.063.607	1.698.730

44. Business merges

None.

45. Related party transactions

Sompo International Holdings Ltd. and the groups to which they are affiliated and the associates and subsidiaries of these groups are defined as related parties for these financial statements.

As of December 31, 2022 and December 31, 2021, the related party balances are as follows:

	December 31, 2022	December 31, 2021
Sompo International Holdings Inc.	3.179.791	2.534.704
Receivables from related parties	3.179.791	2.534.704

	December 31, 2022	December 31, 2021
Sompo International Holdings Ltd.	16.397.919	19.202.361
Sompo Japan Insurance Company of Europe	465.879	658.954
Sompo Japan Insurance Company of Europe Germany Branch	284.856	67.536
Canopus Managing Limited	884.432	18.281
Payables from insurance operations	18.033.086	19.947.132

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

45. Related party transactions (continued)

Transactions with related parties for the periods ended at December 31, 2022 and December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Sompo International Holdings Inc.	62.882.958	28.438.618
Sompo Japan Insurance Company of Europe	364.065	251.827
Sompo Japan Insurance Company of Europe Germany Branch	280.689	5.104
Canopius Managing Limited	4.095	4.095
Commissions taken	63.531.807	28.699.644

	December 31, 2022	December 31, 2021
Sompo International Holdings Inc.	158.798.237	73.389.846
Sompo Japan Insurance Company of Europe	1.644.718	1.189.629
Sompo Japan Insurance Company of Europe Germany Branch	1.114.984	47.987
Canopius Managing Limited	16.381	16.381
Ceded premium	161.574.320	74.643.843

	December 31, 2022	December 31, 2021
Sompo International Holdings Inc.	101.511.418	25.575.172
Sompo Japan Insurance Company of Europe	20.457.438	1.319.683
Sompo Japan Insurance Company of Europe Germany Branch	139.256	17.966
Claims paid	122.108.112	26.912.821

	December 31, 2022	December 31, 2021
Sompo International Holdings Inc.	574.439	750.472
Non-operating income	574.439	750.472

No guarantees have been taken against receivables from related parties.

There are no doubtful receivables from shareholders, subsidiaries and joint ventures.

There are not any liabilities like warranty, commitment, bail, advance and endorsement on behalf of shareholders, subsidiaries and associations.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

46. Events occurred after reporting date

An earthquake occurred in the southeastern part of Turkey that affected many of our cities. The Company Management made a preliminary assessment of the effects of the disaster on the Company's operations and financial condition. As stated in the notification sent to SEDDK as of February 21, 2023, the Company anticipates that the earthquake will not have a significant negative impact on the Company's equity.

The regulation dismantling the retirement age requirement for employees who started their working life before September 8, 1999 was published in the Official Gazette on March 3, 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Company's financial position and financial performance.

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on March 12, 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. Efforts to determine the additional tax amount to be accrued continue. The tax amount will be recognized as expense in the financial statements for 2023.

47. Other

47.1. Details of "Other" items in the balance sheet which exceed 20% of its respective account group of 5% of total assets:

None.

47.2. Due from and due to personnel classified in "Other receivables" and "Other short-term or long-term payables" that exceed 1% of total assets:

None.

47.3. Receivables from salvage and subrogation followed under off-balance sheet items:

None.

47.4. Income and expenses related to prior periods and the amounts and sources of expenses and losses"

None.

Possessed real rights on properties and their values

None.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

47. Other (continued)

47.5. Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance

Provision and rediscount income/expenses of the period

a) Provision Expenses

The details of rediscount and provision expenses for the periods ended December 31, 2022 and 2021 are as follows:

	December 31, 2022	December 31, 2021
Impairment provision expenses booked for receivables from main operations, net	(68.303.760)	(57.431.461)
Unused vacation provision expenses	(4.864.211)	(3.012.820)
Employment termination benefit expenses (Note 23)	(3.900.135)	(3.940.287)
Business cases provision (expense)/cancellation	(252.119)	(193.084)
Provisions account	(77.320.225)	(64.577.652)

	December 31, 2022	December 31, 2021
Rediscounts interest expenses	(144.276.239)	(9.822.232)
Rediscount account	(144.276.239)	(9.822.232)

	December 31, 2022	December 31, 2021
Unearned premium provisions	(3.128.446.175)	30.050.009
Outstanding claim reserve	(1.087.954.905)	(216.451.513)
Unexpired risk reserve	40.283.316	(37.290.631)
Equalization reserve	(30.989.181)	(9.871.532)
Bonus and discount reserve	(3.514.902)	(910.270)
Technical Provisions	(4.210.621.847)	(234.473.937)

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

(Currency: Turkish Lira (TL))

47. Other (continued)

47.5. Other information that has been obliged to present by Republic of Turkey Ministry of Treasury and Finance (continued)

Provision and rediscount income/expenses of the period (continued)

b) Other Expenses and Losses

	December 31, 2022	December 31, 2021
Non-deductible expenses (-)	(7.396.866)	(2.747.990)
Other expenses and losses (-)	(59.279)	(77.203)
Other expenses and losses (-)	(7.456.145)	(2.825.193)

c) Other Income and Profits

	December 31, 2022	December 31, 2021
Late charge income	3.077.250	2.627.121
Other income and profits	3.077.250	2.627.121

d) Deferred Income

None.

e) Other technical expenses

	December 31, 2022	December 31, 2021
Assistance service expenses	(114.978.264)	(42.182.789)
Other technical expenses	(42.845.387)	(18.426.885)
Other technical expenses	(157.823.651)	(60.609.674)

f) Fees for services received from Independent Auditor/Independent audit firm

	December 31, 2022	December 31, 2021
Independent audit fee for reporting period	785.000	558.650
Total	785.000	558.650

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